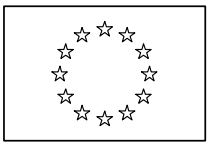

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Annex to the

COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE EUROPEAN PARLIAMENT, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

Joint Report on Social Protection and Social Inclusion 2006

{COM(2006) 62 final}

TECHNICAL ANNEX TO THE JOINT REPORT ON SOCIAL PROTECTION AND SOCIAL INCLUSION

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COMMISSION STAFF WORKING DOCUMENT

TECHNICAL ANNEX TO THE JOINT REPORT ON SOCIAL PROTECTION AND SOCIAL INCLUSION

INTRODUCTION

This Technical Annex underpins the Joint Report on Social Protection and Social Inclusion with more detailed analysis of specific aspects pertaining to social protection and social inclusion. It was drafted under the full responsibility of the relevant Commission departments. It complements other inputs to the Joint Report that have been produced recently under the open method of coordination in the areas of social protection and social inclusion, namely the 2006 Report on the Implementation of the 2003-2005 NAPs/Inclusion (and update of the 2004-2006 NAPs/Inclusion)[1] and the Synthesis Report on Adequate and Sustainable Pensions.[2]

The first chapter analyses the situation and trends of social inclusion in the 25 Member States, on the basis of recently issued results for the commonly agreed indicators of poverty and social exclusion. The second chapter analyses social protection expenditure and receipts in the 25 EU Member States, mainly on the basis of data drawn from the ESSPROS database compiled by Eurostat. The analysis provides an overview of both the scale of expenditure on social protection and its evolution over recent years, highlighting differences across Member States and distinguishing between the various social protection functions involved and types of benefits. The means of financing expenditure and developments in sources of funding are also described. In addition, the analysis focuses on the relationship between poverty risk and social protection, by examining the extent to which social transfers reduce the poverty risk in the various Member States on the basis of available microdata. Finally, the last chapter of this Technical Annex analyses indicators of financial incentives to work and the effect of tax and benefit systems on incentives to work and household incomes from a social inclusion perspective. It highlights some of the difficulties that policy makers are faced with when reforming tax and benefit systems in order to balance the two goals of increasing labour supply incentives and at the same time alleviating poverty.

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1 Commission Staff Working Paper SEC(2006)410.

2 Commission Staff Working Paper SEC(2006)304 of 27 February 2006.

CHAPTER I - POVERTY AND SOCIAL INCLUSION IN THE EU: A MULTI-DIMENSIONAL ANALYSIS BASED ON THE COMMONLY AGREED INDICATORS FOR THE EU

1. INTRODUCTION

Poverty and social exclusion take complex and multi-dimensional forms. They relate to income and living standards, access to good quality health services, educational and work opportunities. This chapter aims at giving a snapshot of the poverty and social inclusion situation in the European Union from this multidimensional perspective, based on the set of indicators agreed at EU level to monitor progress in this area.

A description of these indicators, together with background information on their adoption process, the methodological notes on how they are constructed and the statistical sources used, is included in Box 1.1 and in Annex I. The latter also contains tables showing the results of the indicators on the basis of common EU sources. Unfortunately, changes in methodology and data sources, as described in Box 1.1 and in Annex I, do not allow analysis of recent trends for most of the indicators discussed in this chapter.

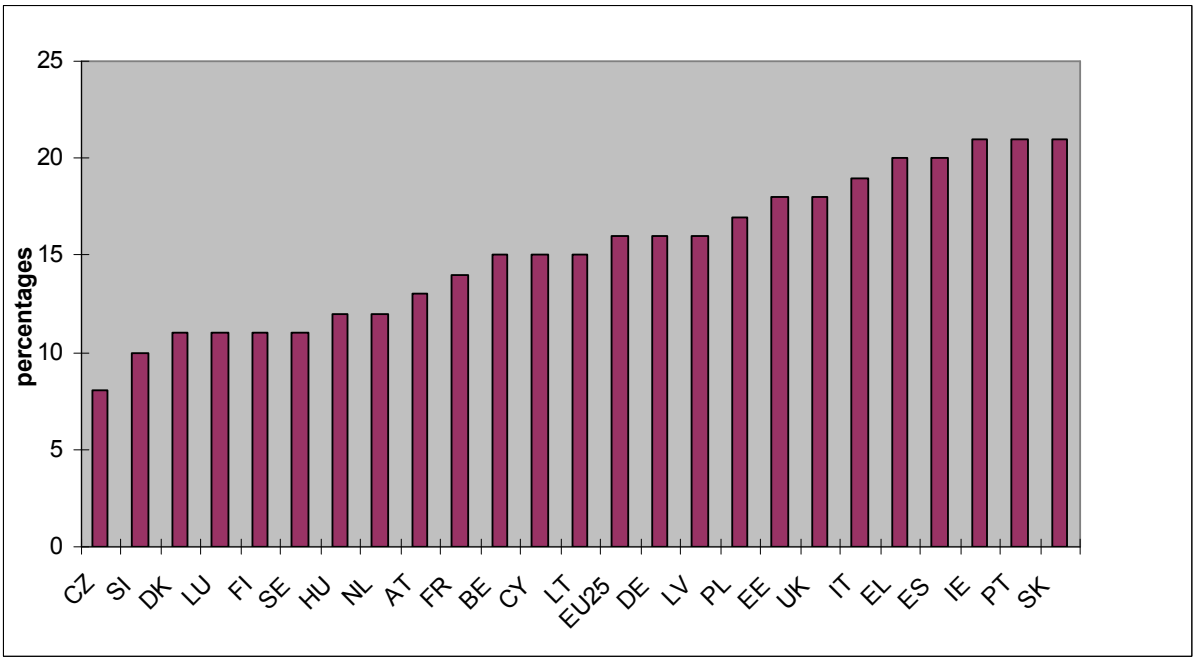
This analysis will first look at the income dimension of poverty, which resonates well with what is commonly referred to as "poverty". Being at risk of poverty is a relative concept, it refers to the capacity of the individual to fully participate in the society in which she or he lives and the income measures of poverty are related to some extent to the overall income distribution at national level.

The analysis will continue by looking at what has been identified as the best safeguard against social exclusion – employment. A job not only provides the individual with a source of income and better living conditions, it also facilitates social participation and allows people to fully realise their potential. But if employment significantly reduces the poverty risk for the individual, it is not always a sufficient condition to lift people out of poverty, and the chapter will also look at the issue of in-work poverty

Similarly, education and health are both of value in themselves and an investment to improve living conditions over the life course. The analysis of the skill and health dimensions of poverty and social inclusion will be dealt with in the last part of the chapter.

1.1. The income dimension of poverty and social exclusion

Figure 1.1: At-risk-of-poverty rate by country – 2003 - percentages



Notes: provisional data for NL and SK. Data for MT not available.

Source: Eurostat, see Box 1.1 and Annex I for more detail. 2003 survey data (referring to 2002 income year) for CZ.

According to the agreed definition at EU level, individuals are considered to be at risk of poverty if they live in households where the household income is below 60% of the national equivalised median income. In 2003, the average **at-risk-of-poverty rate** in the EU[3] was 16% while national figures ranged from 8% in the Czech Republic (2002 data) and 10% in Slovenia to 21% in Ireland, Portugal and Slovakia[4]

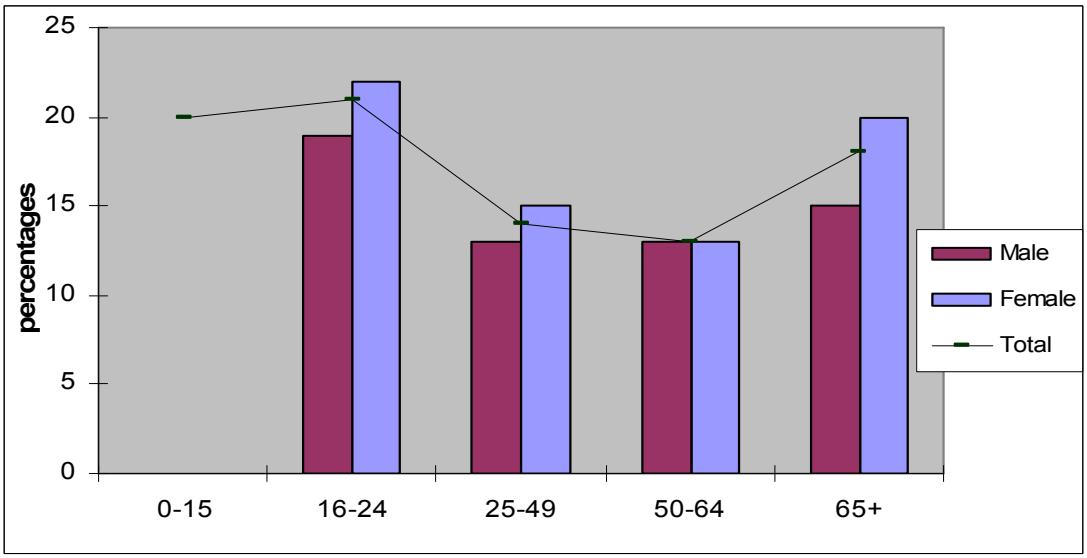
[3] Unless otherwise indicated, "EU" refers to the "EU25", even for data covering the pre-enlargement period.

[4] These figures are based on a definition of income that does not include imputed rent and mortgage interest payments. The imputed rent refers to the value that would be imputed to all households that do not report paying full rent, either because they are owner-occupiers or they live in accommodation rented at a lower price than the market price, or because the accommodation is provided rent-free. For instance, the full income definition of private house owners would include an estimate of the rent that the owner would have had to pay for his accommodation on the private market, minus the value of mortgage interest payments. When taking into account this more comprehensive definition of income, the at-risk-of poverty rate can change significantly for some categories of the population, notably those, like the elderly, that count a greater proportion of house owners. Although certain countries, such as DK, are already able to supply income including imputed rent, for reasons of comparability, the income definition underlying the calculation of indicators currently excludes imputed rent. In the statistical tables in the annex, data for DK is shown without and with imputed rent. Differences are particularly important for people aged 65 or more, the inactive other than pensioners and those living in owner occupied accommodation for which the at-risk-of-poverty rate is reduced once imputed rent is taken into account.

In most countries, the at-risk-of-poverty rate (for the population aged 16 or more) was higher for women, the difference reaching 5 percentage points in Germany and in Ireland, while at EU level the gender gap was 3 percentage points. Only in Poland and Slovakia was the at-risk-of-poverty rate marginally greater for men. However, when looking at the gender dimension, it is important to interpret figures with caution since they assume equal distribution of resources within the household, which might not necessarily be the case.

The younger segment of the population is the one with the highest at-risk-of-poverty rate, at 20% for children aged 0-15, and 21% for the 16-24 age groups. Young adults are therefore the group with one of the highest risk of poverty as support from their parental household diminishes and integration into the labour market is still at its early stage. After this peak, the at-risk-of-poverty rate decreases with age as individuals progress in the labour market, before it rises again after people retire and cannot rely anymore on income from work. The risk of poverty for the population group aged 65 and more is particularly severe in Ireland and Cyprus, where it reaches respectively 40% and 52% of the population in that age group (see Table 7a in the Annex).

Figure 1.2: At-risk-of-poverty rate by age – EU – 2003.



Source: Eurostat, see Box 1.1 and Annex I for more detail.

Box 1.1: Methodological note on the data sources of income-related indicators of social exclusion and poverty used in this report

The Report on Indicators in the field of poverty and social exclusion that was endorsed by the Laeken European Council in December 2001 set out an initial portfolio of 18 common indicators to underpin the Open Method of Coordination in the area of social inclusion. Since then, the Indicators Sub-Group has continued to work on refining and consolidating the original list of indicators. It highlighted the need to give children a special focus and, for this purpose, to have a standard breakdown by age of all the Laeken indicators, where relevant (and conditional upon statistical reliability) and it redefined the indicator of the share of the population living in jobless households. A new indicator of in-work poverty was developed, together with a new breakdown of the at-risk-of-poverty indicator according to the work intensity of the household. Finally, a new indicator of low

reading literacy performance of 15-year old pupils was added.

In order to maximise cross-country comparability of the EU commonly agreed indicators, the Laeken European Council also agreed upon common definitions as well as common data sources for their calculation.

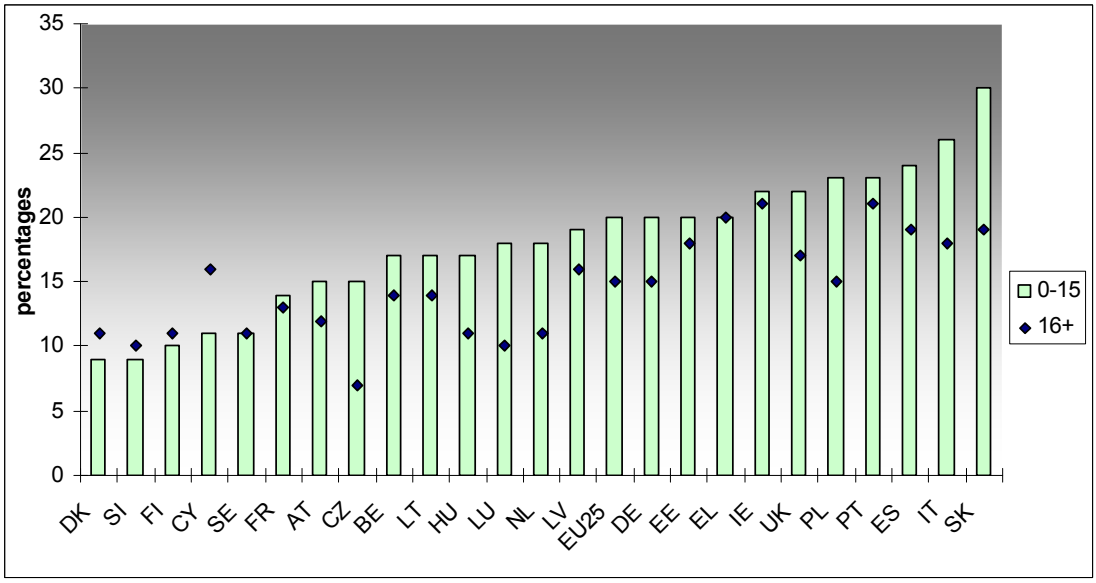
While labour market indicators were and still are to be calculated on the basis of the European Labour Force Survey (EU-LFS), income-based indicators were specified to be calculated on the basis of the European Community Household Panel survey (ECHP). This pioneering survey was developed in collaboration with Member States and was implemented on a 'gentleman's agreement' basis with effect from 1994. The survey was discontinued in 2001. The reference source of statistics on income and social exclusion is now data collected under the European Survey on Income and Living Conditions (EU-SILC) framework regulation (No 1177/2003). Technical aspects of this instrument are laid down in Commission implementing regulations, which are published in the Official Journal. Improving timeliness is one of the core objectives of the new tool. The recommendations of the UN 'Canberra Manual' on income measurement (2001) have been followed as closely as possible.

The EU-SILC project was launched in 2003 in six member states (Belgium, Denmark, Greece, Ireland, Luxembourg and Austria). With effect from the 2005 exercise there will be complete coverage of the EU and some neighbouring countries. Validated cross-sectional microdata covering all EU countries are thus expected to be available in late 2006. During the transition to EU-SILC, Eurostat is coordinating data collection on the basis of national sources, harmonised as far as possible with the EU-SILC methodology. Whilst every effort is made to maximise consistency of definitions and concepts, the indicators cannot be considered to be fully comparable, due to differences in underlying data sources. For additional information, see the Eurostat working paper KS-CC-05-006-EN-N "Continuity of indicators during the transition between ECHP and EU-SILC".

Unless otherwise specified, the income-related data used in this report are those collected by Eurostat following the common methodological framework as explained above and released on the Eurostat free dissemination database. The reference year for the data is the income year, which in most cases differs from the survey year in which the data were collected. For example, 2003 data refer to the income situation of the population in 2003, even if the information was collected in 2004. EU aggregates are computed as population-weighted averages of available national values.

Income poverty among children is a matter of serious concern, as it is generally recognised that it can affect their development and future opportunities. This is why the EU has set itself the objective of moving towards the elimination of social exclusion among children and giving them every opportunity for social integration. Children experience levels of income poverty that are higher than those for adults, except in Cyprus, Finland, Slovenia and Denmark, where the at-risk-of-poverty rate for children reaches its lowest level at 9% in the latter two Member States. At the other end of the scale, Italy and Slovakia have the highest incidence of poverty risk for children at 26% and 30% respectively.

Figure 1.3: At-risk-of-poverty rate for children (aged 0-15) and for the population aged 16 and over – 2003 – percentages.

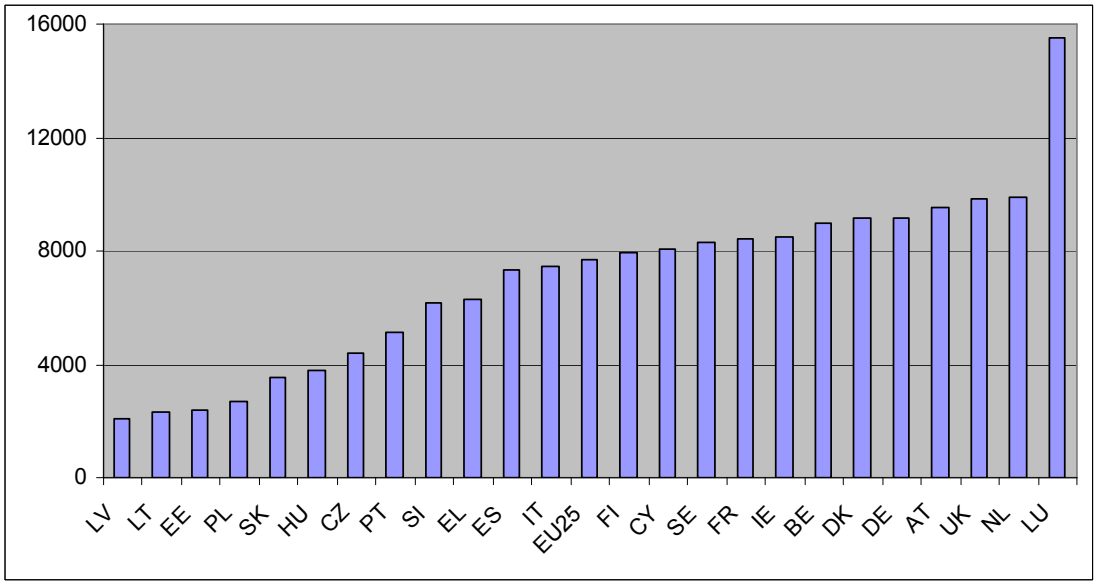


Notes: provisional data for NL and SK. Data for MT not available.

Source: Eurostat, see Box 1.1 and Annex I for more detail. 2003 survey data (referring to 2002 income year) for CZ.

The comparative analysis of the national thresholds helps to illustrate the relative dimension of the poverty measure that is being used. This comparison is important to an understanding of the different level of economic well-being across countries, whereby, for example, individuals with similar real incomes are classified as being at risk of poverty in one Member States but would not be in another. The following graph presents the illustrative values of the **at-risk-of-poverty thresholds** for a single adult household, expressed in purchasing power parities. Member States with the lowest at-risk-of-poverty threshold include all new Eastern European Member States and Portugal. At the other end of the distribution, the highest at-risk-of-poverty threshold is that of Luxembourg, where it is more than seven times higher than in Latvia.

Figure 1.4: Illustrative value of the at-risk-of-poverty threshold for a single adult households, in PPS, 2003.



Notes: provisional data for NL and SK. Data for MT not available.

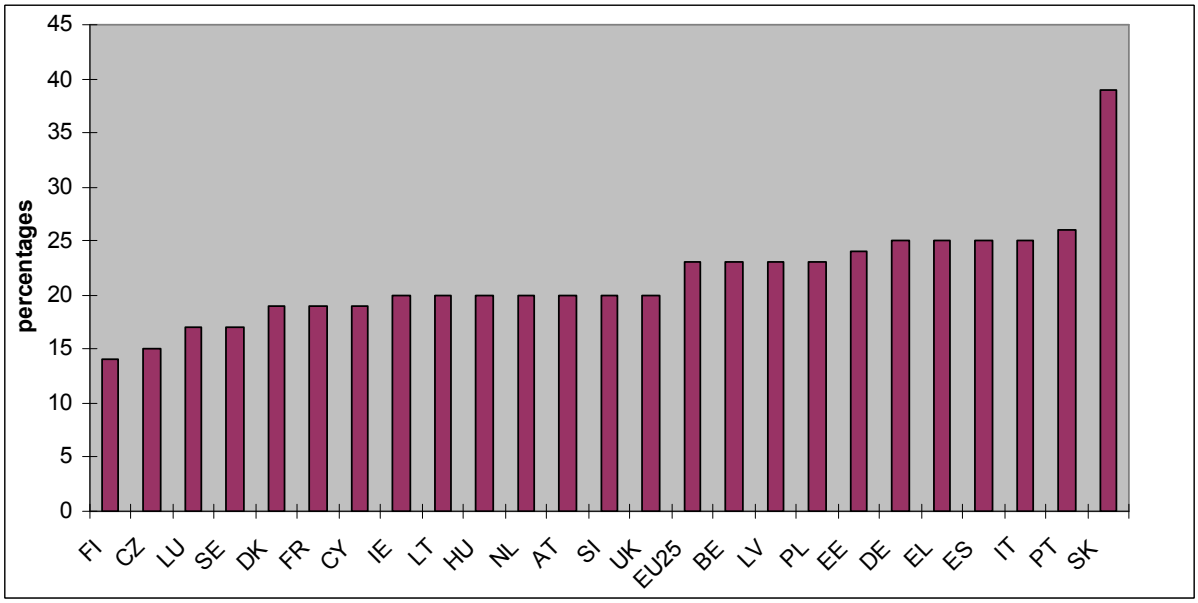
Source: Eurostat, see Box 1.1 and Annex I for more detail. 2003 survey data (referring to 2002 income year) for CZ.

The at-risk-of-poverty indicators illustrated so far measure the proportion of individuals below a certain threshold. These headcount figures give an indication neither of "how poor are the poor", nor of the proportion of national income that is absorbed by those at the bottom of the income distribution relative to better-off groups.

Information on the intensity of poverty can be obtained from the **relative median at-risk-of-poverty gap indicator**, defined as the difference between the median equivalised income of people below the at-risk-of-poverty threshold and the threshold itself, expressed as a percentage of the at-risk-of-poverty threshold. In other words, this indicator measures how far below the threshold the income of people at risk of poverty is. In 2003 the median at-risk-of-poverty gap for the EU was 23%, and it was one percentage point higher for men than for women.

Member States with low headcount measures of poverty, such as Finland, the Czech Republic, Luxembourg, Sweden and Denmark, tend to have the lowest intensity of poverty as well. On the other hand, countries with a high at-risk-of-poverty headcount, such as Slovakia, Portugal, Spain, Greece and Italy, tend to have a relatively higher median at-risk-of-poverty gap as well. This is particularly high in Slovakia, where it reaches 39% of the at-risk-of-poverty threshold. A clear exception is Ireland, which, despite having (together with Portugal and Slovakia) the highest at-risk-of-poverty rate in the EU, also has a median gap below the EU average and equal to 20% of the threshold.

Figure 1.5: Relative median at-risk-of-poverty gap – total population – 2003 - percentages

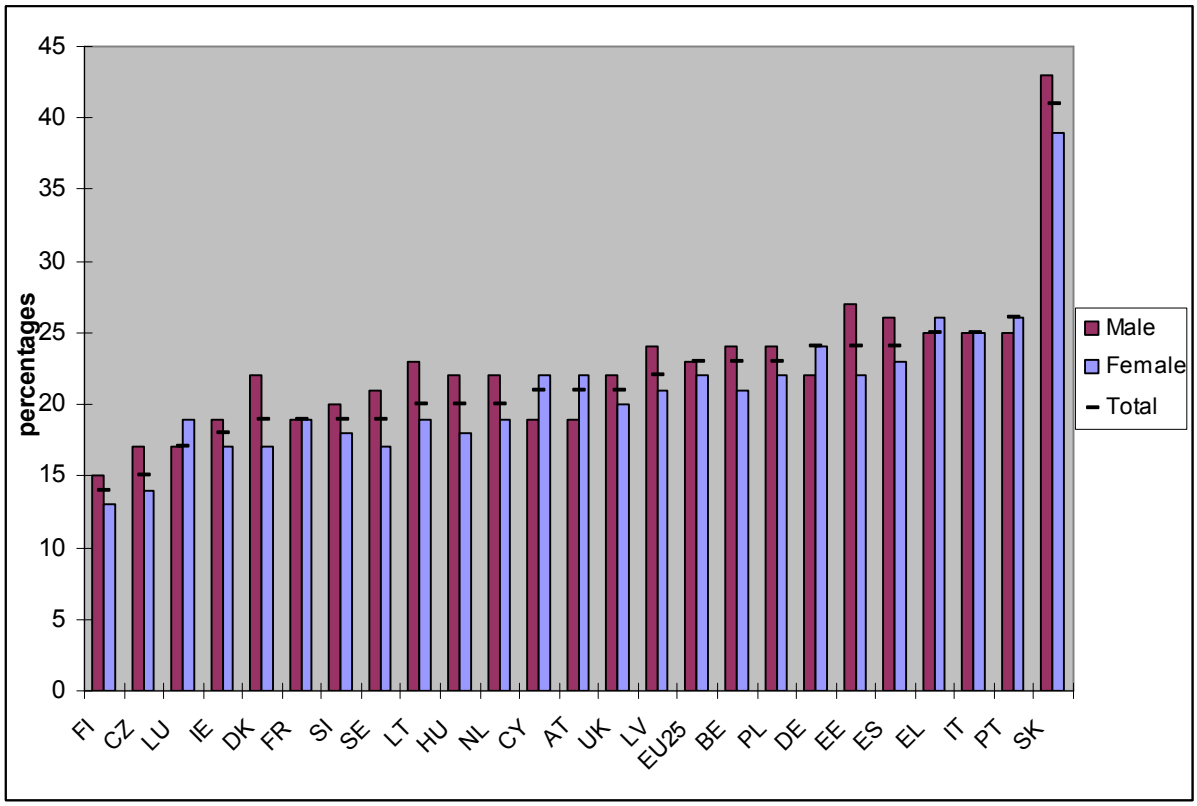


Notes: provisional data for NL and SK. Data for MT not available.

Source: Eurostat, see Box 1.1 and Annex I for more detail. 2003 survey data (referring to 2002 income year) for CZ.

In relation to the gender dimension for the population aged 16 or more, it is interesting to note that, although the incidence of the risk of poverty, i.e. the at-risk-of-poverty rate, is higher for women than for men, the opposite is true, at least in the majority of Member States, for the intensity of poverty, the median at-risk-of-poverty gap. In other words, although women are more likely to be at risk of poverty, for people that are in that situation, the shortfall in income with respect to the median is greater for men. The difference between the median gap for men and women aged 16 or more reaches 5 percentage points in Denmark and Estonia.

Figure 1.6: Relative median at-risk-of-poverty gap by gender – population aged 16 or more - 2003 – percentages.

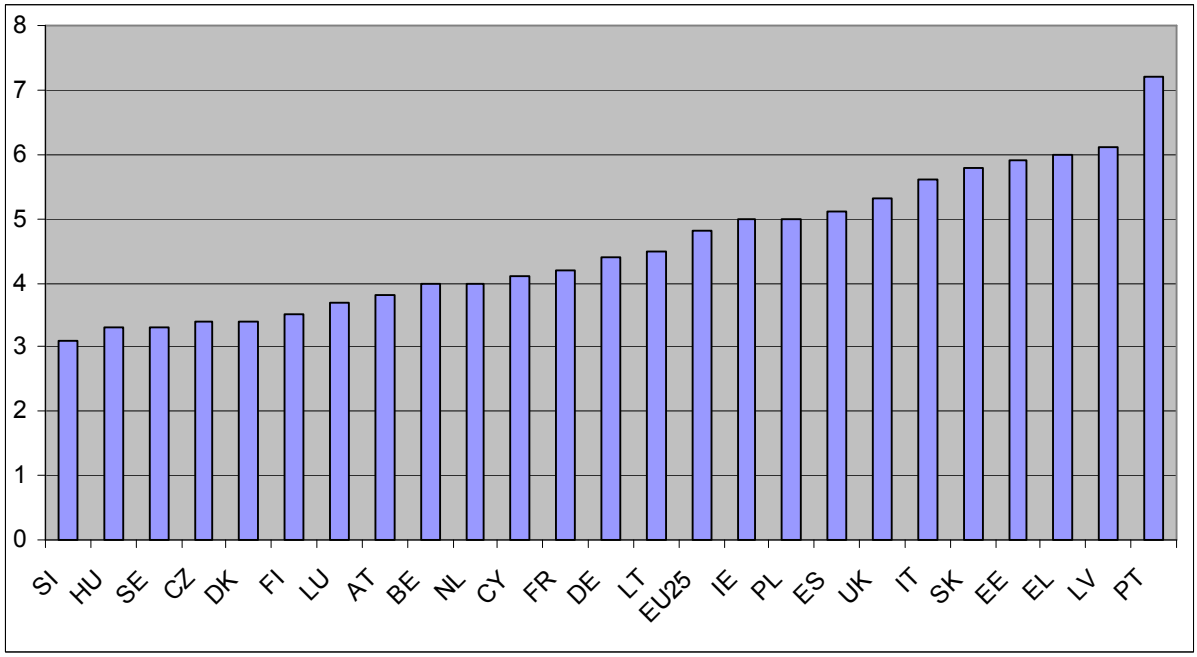


Notes: provisional data for NL and SK. Data for MT not available.

Source: Eurostat, see Box 1.1 and Annex I for more detail. 2003 survey data (referring to 2002 income year) for CZ.

The relative position of those at the bottom of the income distribution with respect to those at the top, as an indication of inequalities within Member States and of the cohesiveness of their societies, can be measured by the **income quintile ratio**. The value for this indicator was 4.8 for the EU in 2003, which means that the ratio of total income received by the 20% of the EU population with the highest income (top quintile) was nearly 5 times that received by the 20% of the EU population with the lowest income (lowest quintile). Member States with the lowest income inequality include Slovenia, Hungary and Sweden, which are also among the countries with the lowest at-risk-of-poverty rate. Member States with the highest disparities between those at the top and those at the bottom of the income distribution are Portugal (with a ratio of more than 7 to 1), followed by Latvia and Greece.

Figure 1.7: Inequality of income: S80/S20 income quintile share ratio – 2003.



Notes: provisional data for NL and SK. Data for MT not available.

Source: Eurostat, see Box 1.1 and Annex I for more detail. 2003 survey data (referring to 2002 income year) for CZ.

To summarise, the commonly agreed indicators for poverty and social exclusion look at the income dimension from three different angles:

- The at-risk-of-poverty **headcount** or the relative size of the population at risk of poverty, as measured by the at-risk-of-poverty rate,
- The **intensity** of poverty ("how poor are the poor") as measured by the relative median poverty risk gap,
- Overall income **inequality**, as measured by the income quintile ratio.

The following table classifies Member States according to the aforementioned indicators of income poverty, where the distinction between high, medium and low is made with reference to the EU average. Member States with higher than average income inequality are highlighted in bold. As can be seen, most Member States fall in the diagonal of the table with headcount and intensity both classified as low, medium or high. The only exceptions are the following ones. **Ireland** and the **United Kingdom** are countries with a high at-risk-of-poverty headcount and high inequality, but relatively low poverty intensity. **Germany** has a medium at-risk-of poverty headcount, high at-risk-of poverty intensity and overall low income inequality.**Estonia** has a high headcount and inequality, but medium at-risk-of-poverty intensity. All Member States with high at-risk-of-poverty headcount also have high inequality, together with Latvia and Poland in the medium headcount category.

Table 1.1: At-risk-of-poverty headcount, median poverty gap and income inequality - 2003

		At-risk-of-poverty headcount		
		Low	**Medium**	**High**
At-risk-of-poverty intensity	**Low**	CZ, SI, DK, LU, FI, SE, HU, NL, AT, FR	CY, LT	**UK, IE**
	Medium		BE, **LV, PL**	**EE**
	High		DE	**IT, EL, ES, PT, SK**

Notes: Member States are classified as having a medium at-risk-of-poverty headcount (or rate) and at-risk-of-poverty intensity (or gap) if the corresponding figure is respectively within +/- 1 point from the EU average. Member States marked in bold have higher-than-average income inequality.

1.2. The labour market dimension of poverty and social exclusion

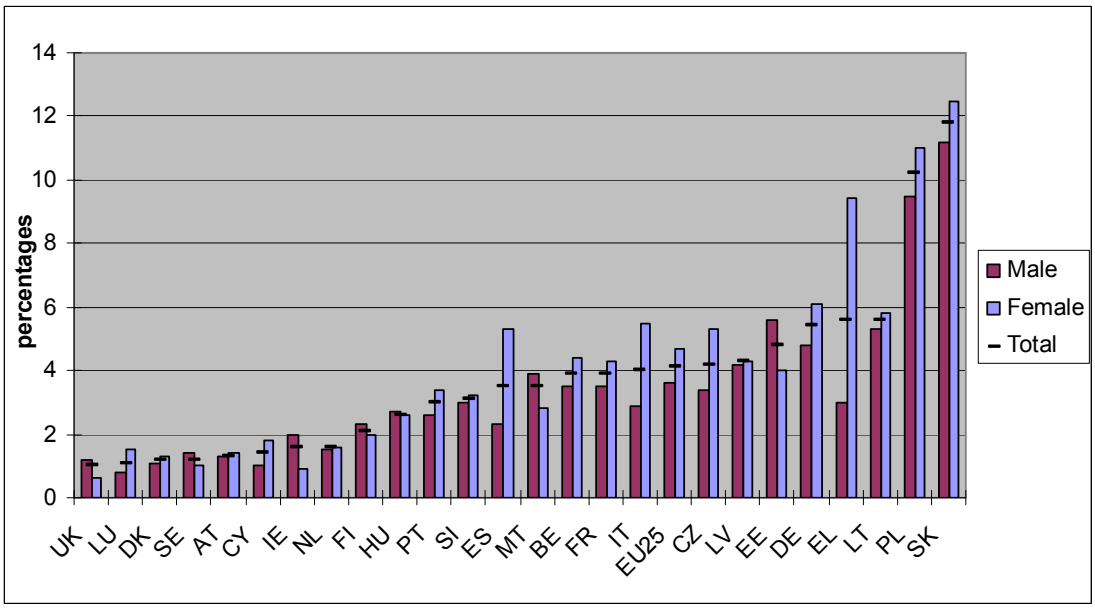
1.2.1. The individual perspective

Joblessness is not only one of the main causes of poor living standards but is also in itself a central dimension of social exclusion, since a job is a key determinant of people's ability to fully participate in society, build a social network and realise their potential. Among all the different types of joblessness, long-term unemployment is certainly one which is clearly associated with social distress. The term covers people who have been searching for a job, but who have been unable to find one, for a long period of time. Long-term unemployment[5] represents an important loss of income for the individuals concerned, who also tend to loose their skills and the self-esteem necessary to regain a foothold in the labour market, unless appropriate and timely support is provided.

In 2004, **long-term unemployment** affected 4.1% of the active population, on average more women than men, at 4.7% and 3.1% respectively. The differences between Member States are considerable. Long-term unemployment rates are below 1.5% in Cyprus, Austria, Sweden, Denmark, Luxembourg and the United Kingdom, where only 1% of the active population is affected, but exceed 5% in Germany, Greece and Lithuania and 10% in Poland and Slovakia. The gender gap is particularly important in Italy, Spain and Greece where the long-term unemployment rates for women are respectively 2.6, 3 and 6.4 percentage points higher than for men. In only seven Member States - the United Kingdom, Sweden, Ireland, Finland, Hungary, Malta and Estonia - are long-term unemployment rates higher for men than for women.

[5] Long-term unemployment is defined as the total long-term (over 12 months) unemployed population (ILO definition) as a proportion of the total active population aged 15 years or more.

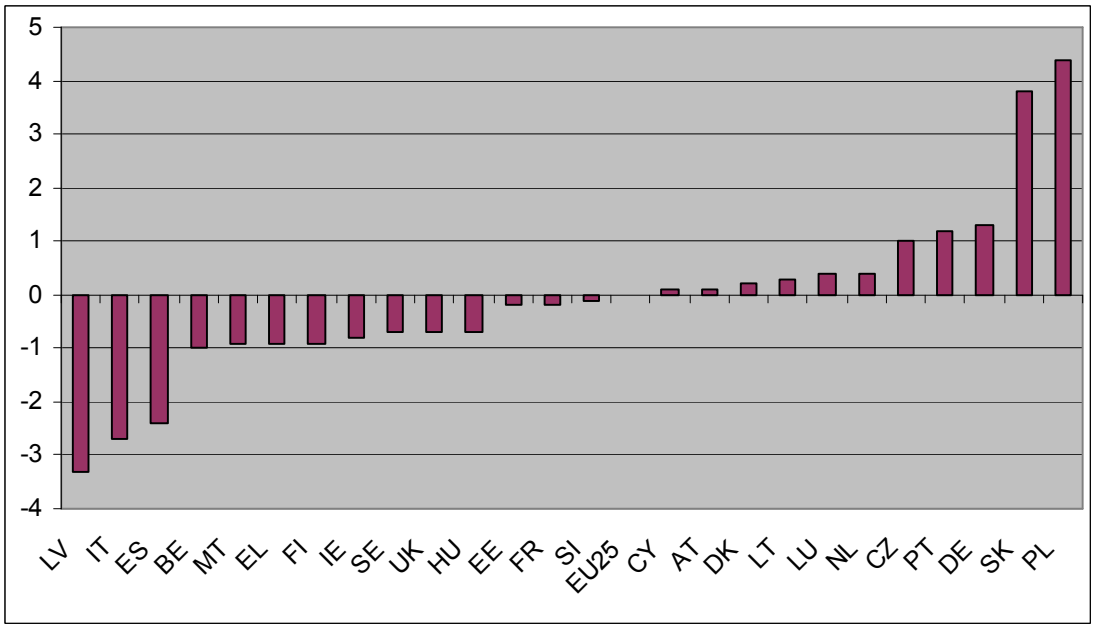
Figure 1.8: Long-term unemployment rate by country and gender – 2004.



Source: Eurostat, Labour Force Survey, annual averages, based on 1990 census.

Long-term unemployment has remained broadly unchanged in the five year period between 1999 and 2004 for the EU as a whole. Member States where the long-term unemployment rate decreased by more than 2 percentage points are Spain, Italy, and Latvia, while it increased by 3.8 percentage points in Slovakia and 4.4 in Poland.

Figure 1.9: Long-term unemployment rates by country – percentage point changes between 1999 and 2004.



Notes: for MT and CY percentage point changes between 2000 and 2004.

Source: Eurostat, Labour Force Survey, annual averages, based on 1990 census.

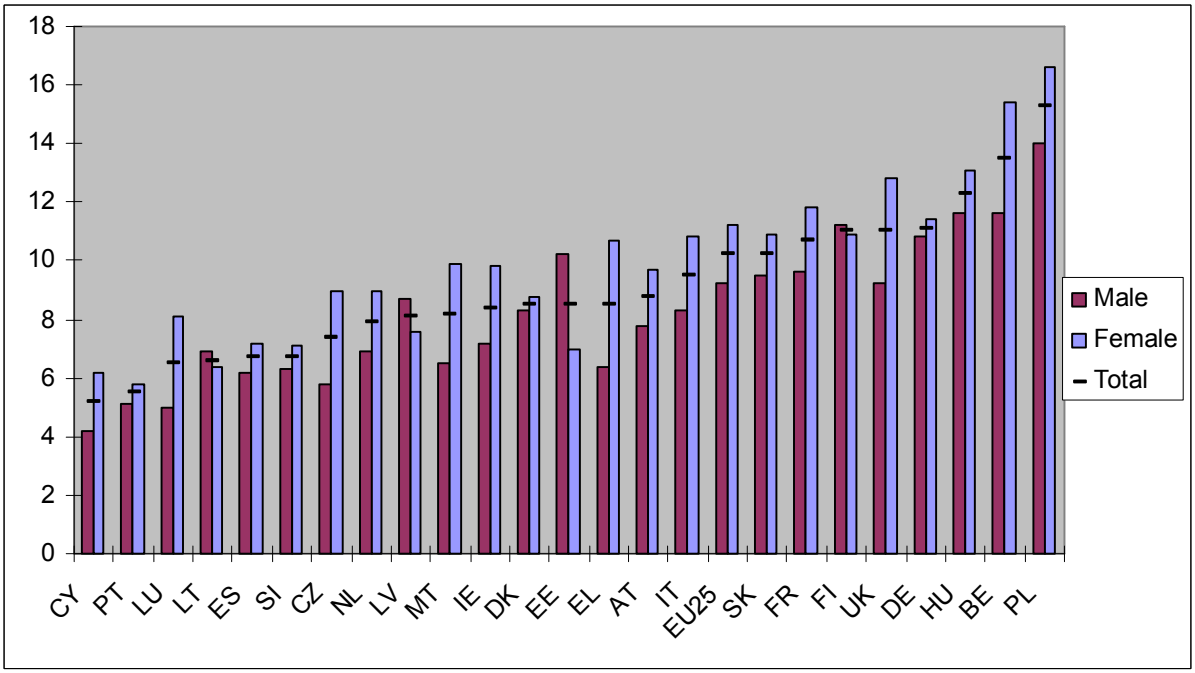
1.2.2. The household perspective

The term "at risk of poverty" refers to those individuals whose *household* income is below a certain threshold, since economic well-being depends on the sum of all the resources contributed by all members of the household. Therefore, joblessness is even more problematic when it concerns not only one individual, but all the members of his or her household. Furthermore, the potentially negative impact of living in a **jobless household** goes beyond the lack of work income, as it extends to the lack of contact with the labour market.

In the EU, the percentage of people aged 18-59 and living in households where no one works was 10.2% in 2005. This proportion ranged from just over 5% in Cyprus and Portugal, to 13.5% in Belgium and 15.3% in Poland. It is interesting to note that even Member States with relatively high employment rates, such as Finland, Germany and the United Kingdom, also have above-the-average rates of people living in jobless households, pointing to a greater polarisation between "job-poor" and "job-rich" households in these countries.

In the EU, the proportion of women living in jobless households at 11.2% is two percentage points higher than for men, and this gap is more than 3 percentage points in Luxembourg, the Czech Republic, Malta, the United Kingdom, Belgium and Greece, where it reaches 4.3 percentage points.

Figure 1.10: People aged 18-59 living in jobless households by country and gender, 2005.

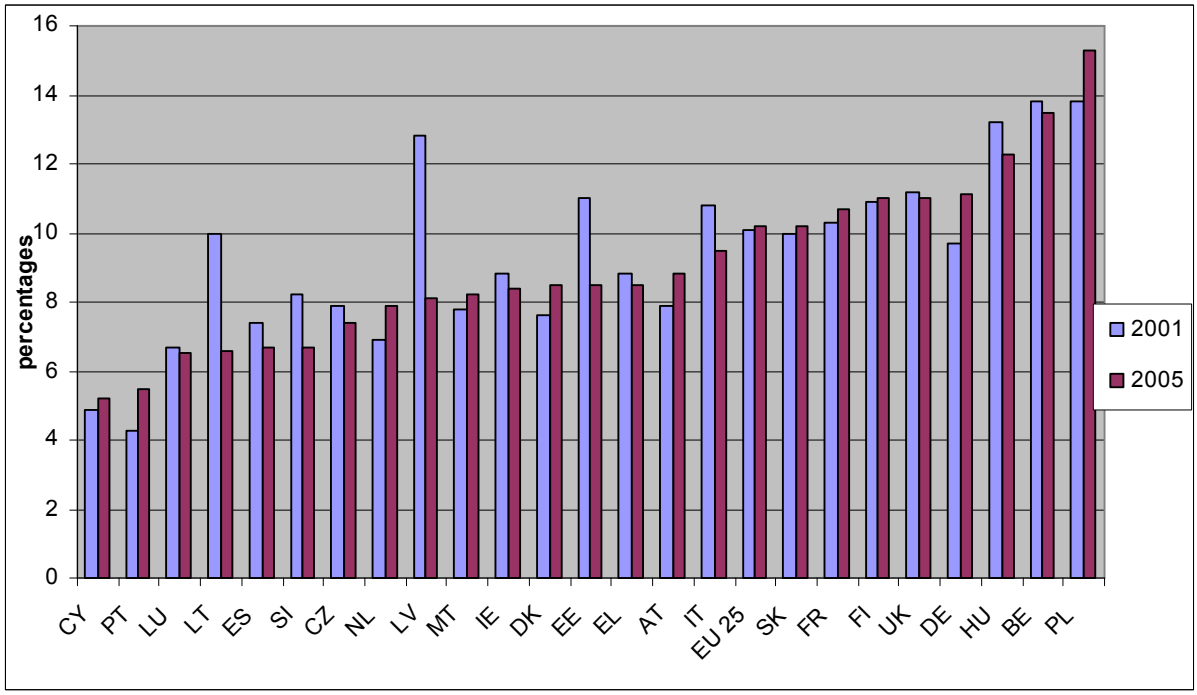


Notes: Students aged 18-24 who live in households composed solely of students of the same age class are not counted in either numerator or denominator. Data for SE not available. Provisional data for DK, DE, LU and FI.

Source: Eurostat, Labour Force Survey - Spring results (except DK and FI: annual average)

Between 2001 and 2005, the proportion of prime-age adults living in jobless households has remained essentially unchanged in the EU. Only in the Baltic States there has been a marked decrease in the proportion of people living in jobless households equal to more than 2.5 percentage points, while in Poland the figure increased by 1.5 percentage points.

Figure 1.11: People living in jobless households, 18-59 year old, 2001 and 2005.



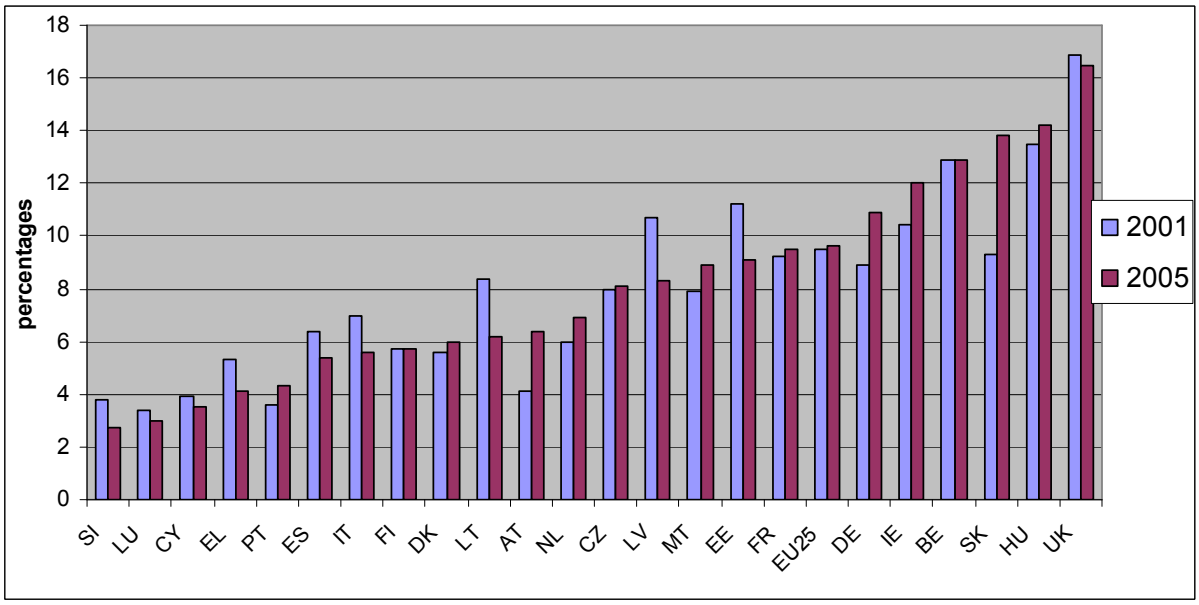
Notes: Students aged 18-24 who live in households composed solely of students of the same age class are not counted in either numerator or denominator. Data for SE not available. Provisional data for DK, DE, LU and FI.

Source: Eurostat, Labour Force Survey - Spring results (except DK and FI: annual average). First figure refers to 2002 data for DK and 2003 for FI.

Children are a particularly vulnerable group with a risk-of-poverty rate higher than for any other age group. Particular concerns are raised when children are growing up in a jobless household, as the absence of a working adult as a role model could be a factor affecting the educational and future labour market achievement of children. In 2005, the proportion of **children living in jobless households** was slightly higher than that of prime-age adults (9.6%), but variations across Member States are more marked, ranging from 2.7% in Slovenia to 16.5% in the UK.

In the past five years, the proportion of children living in jobless households has not changed in the EU, but has decreased by over 2 percentage points in the Baltic States and increased by the same amount in Austria and Germany and 4.5 percentage points in Slovakia. In all other Member States it has remained constant or changed by only 1 percentage point.

Figure 1.12: Children living in jobless households, 2001 and 2005.



Notes:Data for the EU estimated; 2005 provisional data for DK, DE, LU and FI; first column refers to 2002 data for DK and LT; 2003 data for FI; PL and SE not available.

Source: Eurostat, Labour Force Survey - Spring results (except DK and FI: annual average).

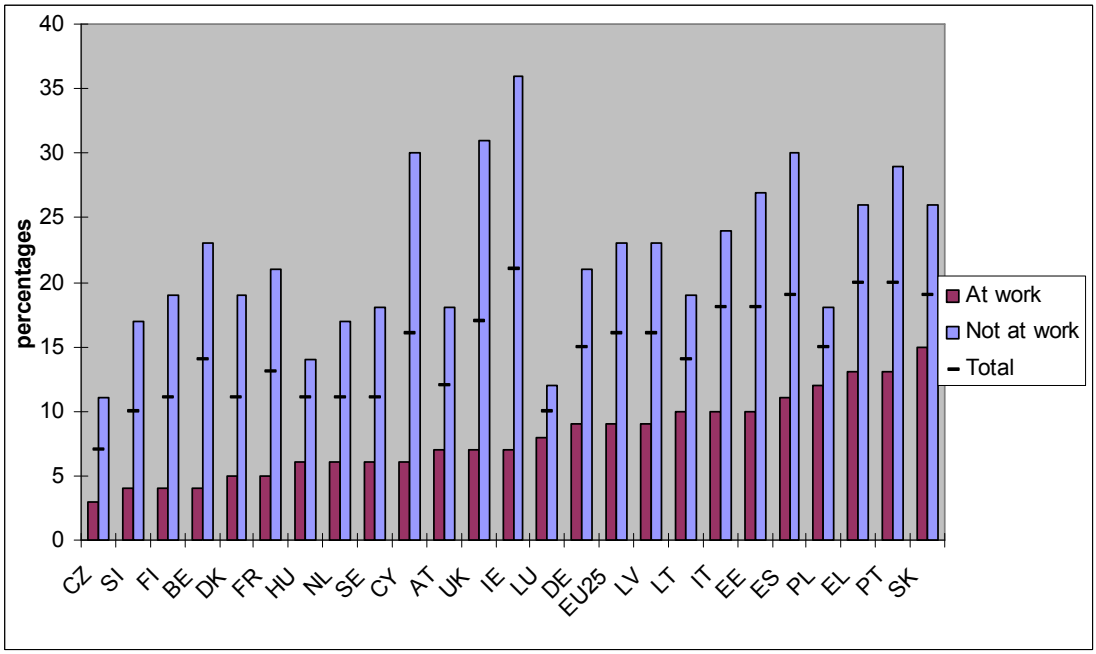
1.2.3. Income and employment

Joblessness is a key determinant of income poverty and that is why the 2000 Lisbon Council identified employment as the best safeguard against social exclusion. In the EU as a whole, the incidence of poverty risk is nearly 2.5 times greater for those who are not in work than for those in work. Policies aimed at facilitating and promoting labour market participation and employment are therefore particularly effective to combat poverty and social exclusion. Country differences are particularly marked, and the at-risk-of-poverty rate for those not working is particularly high (above 30%) in Cyprus, Spain, the United Kingdom and Ireland, where it stands at 36%.

Within the non working population, the poverty risk is particularly high for the unemployed, followed by the inactives (who are not retired) and then by the pensioners. In the EU as a whole the figures for the at-risk-of-poverty rates for the three groups just mentioned are 42%, 26% and 16% respectively (see table 7a in the annex for detailed figures by gender and by Member State).

However, the at-risk-of-poverty rate is still relatively high even for those in work. In the EU it stands at 9%, ranging from 3% in the Czech Republic and 4% in Slovenia, Belgium and Finland to 13% in Greece and Portugal and 15% in Slovakia. Furthermore, the proportion of those working within the income-poor population aged 16 or more is a significant 27%. Therefore, in order to achieve the objective stated by the Barcelona European Council of significantly reducing the number of people at risk of poverty and social exclusion by 2010, the problem of in-work poverty has to be addressed.

Figure 1.13: At-risk-of-poverty rate by labour force status – individuals aged 16 and over - 2003.



Notes: provisional data for NL and SK. Data for MT not available.

Source: Eurostat, see Box 1.1 and Annex I for more detail. 2003 survey data (referring to 2002 income year) for CZ.

The link between being at risk of poverty and the employment status of individuals highlights the necessary policy mix to fight against social exclusion. "Employment is the best safeguard against social exclusion"[6]. But in-work poverty is a reality that affects a large number of people in the European Union. It is linked to low pay, low skills, precarious and often part-time employment[7], but also to the characteristics of the household in which the individual lives, in terms of the number of dependants and the work intensity of the household.

Quality employment is essential to lift individuals out of poverty and "in order to promote [it] it is necessary to develop employability, in particular through policies to promote the acquisition of skills and life-long learning". It is also necessary to put in place sound macroeconomic policies to facilitate employment creation and a stable economic climate conducive to higher investment in human capital on the part of employers.

For those who cannot work, an adequate safety net is an essential element to combat poverty and social exclusion since almost a quarter of those not in work are at risk of poverty. That is why "social protection systems also play a key role. In this context, the national social

6 Quotes in this paragraph and in the following one are taken from Council of the European Union, 2002, "Fight against poverty and social exclusion: common objectives for the second round of National Action Plans", SOC 508.

7 See Bardone L. and A. Guio, 2005,"In-work poverty", *Statistics in Focus 2/2005*, Eurostat.

assistance and minimum income schemes are important instruments in social protection policy"[8].

As already pointed out, poverty risks are associated not only with the employment situation of individuals but also with the household type in which they live and with the economic status of those with whom they share the household. This relationship is presented in the table below that illustrates poverty risk in connection with the work intensity of the household. Households are classified by their composition (presence of dependent children or not) as well as by their work intensity (WI). WI = 0 corresponds to jobless households; WI = 1 to full-year work for all working age adults in the households; 0 < WI < 1 corresponds to either less than full-year work for some or all members of the household or only some of the adults in the households being at work.

[8] See also Chapters 2 and 3 on this topic.

Table 1.2: Incidence and distribution of the poverty risk of household members by the work intensity of their households, EU-15, 2003 income year (percentages)

	EU15	BE	DK	DE	EL	ES	FR	IE	IT	LU	NL	AT	PT	FI	SE
	A. Incidence														
	Households with no dependent children														
WI = 0	32	30	21	37	29	48	26	62	27	13	28	20	32	25	18
0 < WI < 1	12	7	7	13	14	15	10	10	12	9	6	10	15	9	14
WI = 1	5	3	5	6	10	7	3	5	4	6	4	6	9	5	5
	Households with dependent children														
WI = 0	68	70	40	78	52	68	71	80	66	27	64	39	58	42	42
0 < WI < 0.5	44	28	7	45	46	57	40	35	51	28	45	44	41	29	26
0.5 <= WI < 1	18	14	9	13	22	26	13	16	24	17	19	13	27	9	10
WI = 1	7	4	5	8	11	11	5	4	6	7	6	6	10	3	6
	B. Distribution of the total reference population														
	Households with no dependent children														
WI = 0	:	11	9	:	8	7	9	6	11	7	10	8	6	8	5
0 < WI < 1	:	15	11	:	23	20	12	15	19	12	10	18	18	17	13
WI = 1	:	15	23	:	13	13	16	12	14	17	23	18	13	19	22
	Households with dependent children														
WI = 0	:	6	3	:	2	3	4	7	4	2	4	2	2	2	3
0 < WI < 0.5	:	4	1	:	3	5	4	4	7	4	1	4	4	3	3
0.5 <= WI < 1	:	20	13	:	27	33	21	31	26	31	15	25	24	22	15
WI = 1	:	30	40	:	25	20	34	26	21	28	36	26	33	29	39
	C. Distribution of the poor reference population														
	Households with no dependent children														
WI = 0	:	24	24	:	13	14	19	21	15	7	22	14	11	23	10
0 < WI < 1	:	7	10	:	17	13	10	8	12	10	4	16	15	16	19
WI = 1	:	3	14	:	7	4	4	3	3	8	8	10	6	9	10
	Households with dependent children														
WI = 0	:	30	14	:	7	8	21	28	14	5	22	6	7	11	12
0 < WI < 0.5	:	9	1	:	9	14	11	7	17	10	3	14	9	10	7
0.5 <= WI < 1	:	20	15	:	33	38	22	26	33	44	23	28	35	20	16
WI = 1	:	8	23	:	15	10	14	6	7	17	18	13	18	10	26

Notes: provisional data for NL.

Source: Eurostat, see Box 1 and Statistical Annex for more detail.

The incidence of poverty risk is broadly similar for households with or without children when all working age members of the household are in full-time work. This fact points to the importance of adequate and affordable childcare facilities for households with children in order to increase the labour market attachment of the adult members and reduce their poverty-risk (see chapter III).

However, the combination of care responsibilities *and* exclusion from the labour market for all household members[9] produces the highest risk of poverty, where as many as 68% of those living in jobless households with dependent children are at risk of poverty in the EU15. This percentage rises to just over 70% in Belgium and France, to 78% in Germany and 80% in Ireland.

Limited labour market attachment can also be insufficient to safeguard individuals from poverty, especially in the case of households with dependent children. Households with a work intensity of less than 0.5 *and* dependent children have a particularly high incidence of poverty risk in Italy (51%) and Spain (57%).

[9] Of course, not only the presence of children is important but also the household size.

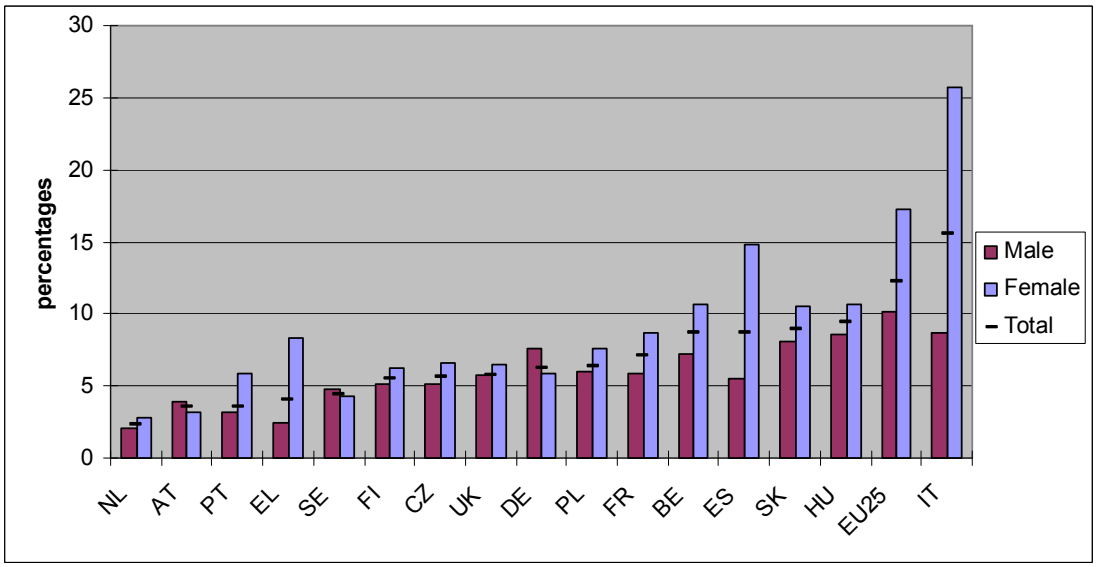
1.2.4. Regional cohesion and labour market outcomes

All the indicators that have been examined so far are calculated at national level. Yet territorial differences matter not only across but also within countries. A clear understanding of the nature and situation of poverty and social exclusion at sub-national level is important for the design and implementation of effective policies to combat them. Unfortunately, however, considerations of statistical reliability hinder the breakdown by region of most of the EU commonly agreed indicators.

A proxy measure of social cohesion across regions is represented by the dispersion (coefficient of variation) of employment rates at NUTS2 level. **Regional cohesion** is lowest in Italy, with a coefficient of variation which is seven times greater than the best performing country. Although regional cohesion tends to be greater in smaller countries, such as the Netherlands, Austria and Portugal, as might be expected, the correlation between regional cohesion and country size is not a perfect one; some of the bigger Member States, such as the UK and Germany, perform relatively better than some smaller countries. The gender gap is particularly marked in southern countries, including Greece, Spain and Italy, where it is 17 percentage points.

Since 1999, regional cohesion has increased slightly in the EU as a whole, with more consistent and substantial progress in Spain. Between 2003 and 2004 regional cohesion worsened in a number of Member States, including Belgium, Greece, Hungary, Austria and Slovakia, with a significant improvement only in Italy and Poland.

Figure 1.14: Dispersion of regional employment rates – 2004.



Notes: the dispersion of regional employment rates is measured by the Coefficient of variation of employment rates (of the age group 15-64) across regions (NUTS 2 level) within countries. Data for DK, IE, EE, CY, LV, LT, LU, MT and SL not applicable. EU average includes all countries.

Source: Eurostat - Labour Force Survey, Annual averages.

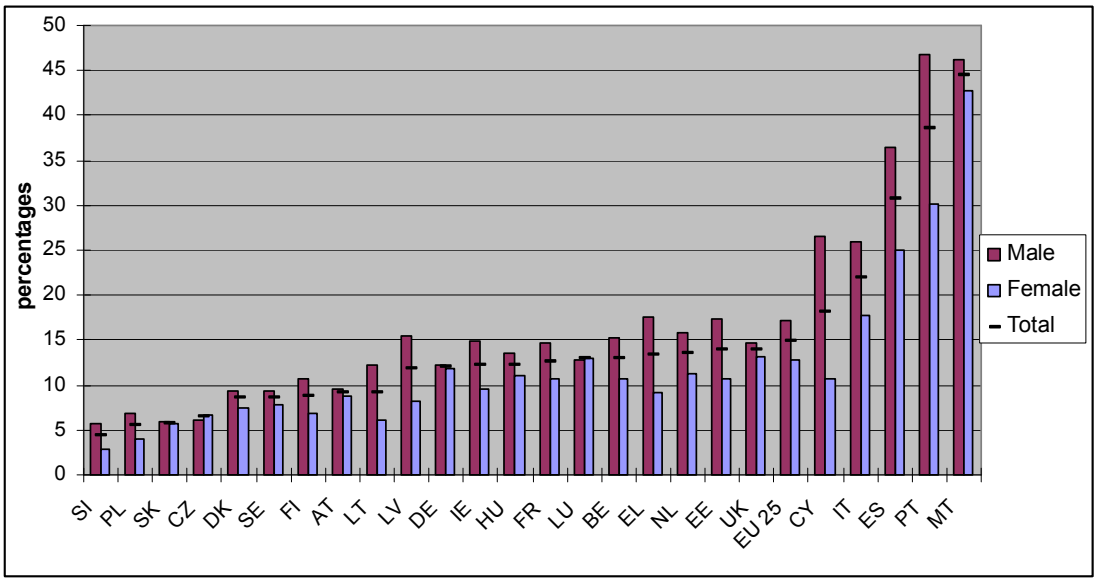
1.3. The skills and health dimensions

The lack of basic competencies and qualifications is a major barrier to inclusion in society. This is even more the case in an increasingly knowledge-based society and economy. There is thus a growing danger of new cleavages in society being created between those who have access to lifelong learning to enhance their employability and adaptability and to facilitate their personal development and active citizenship, and those who remain excluded.

Those without adequate skills are more likely to spend long periods out of work and if they do work they are more likely to be in low paid-jobs. Young people have to face the important challenge of entering the labour market and finding a quality job, but without appropriate skills or the opportunity to acquire them it is increasingly difficult to compete for the available jobs in today's labour market. Better educated people are also more likely to benefit from training opportunities over their life course and this is why a solid skill base is necessary for young cohorts.

However, in the EU almost 15% of young people aged 18-24 have at most lower secondary education and are not in further education or training (this group will be referred to as 'early school leavers'). This percentage reaches 31% in Spain, 39% in Portugal and almost 45% in Malta. On the other hand, countries with the lowest proportion of early school leavers include Slovakia, Poland and Slovenia, where the figures are below 6%. In all Member States, the percentage of early school leavers is higher for young men, except in Germany, the Czech Republic and Luxembourg where they are broadly similar.

Figure 1.15: Early school leavers (% of the total population aged 18-24 who have at most lower secondary education and are not in further education or training) – 2005.



Notes: data for SI and gender breakdown for EE and LV lack reliability due to low sample size; provisional data for IE, LU, MT, FI, SE and UK. In CY, the reference population (denominator) excludes students abroad. In DE (2004), participation to personnel interest courses is excluded.

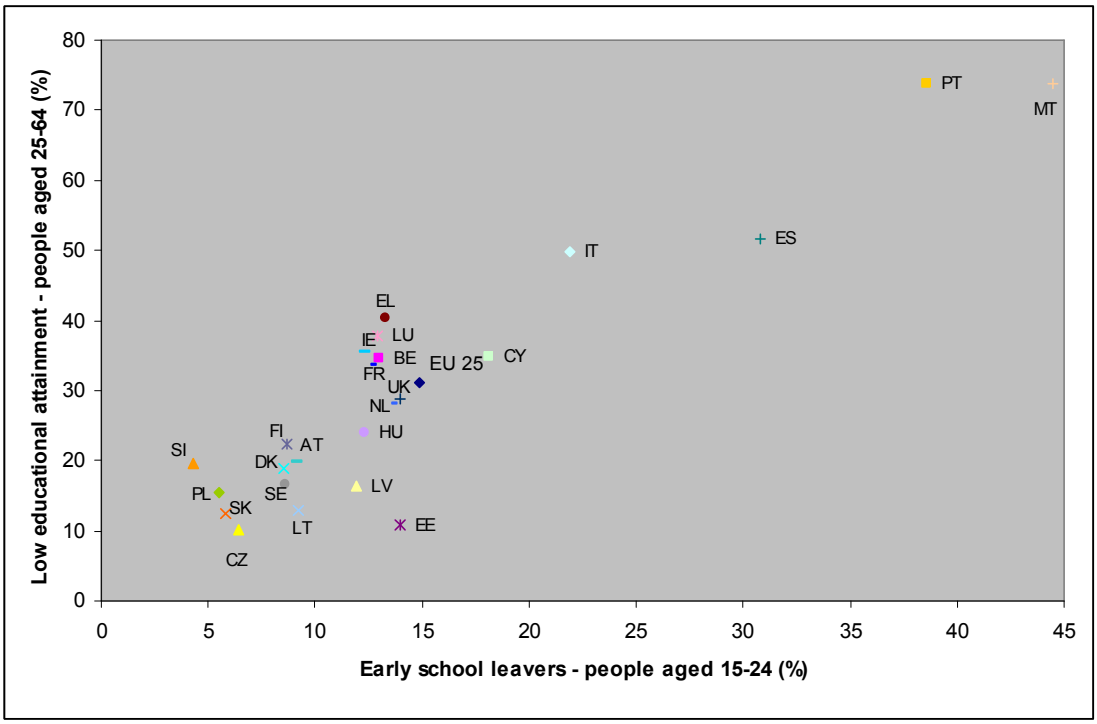
Source: Eurostat, Labour Force Survey - Quarter 2 results (except FI Q1); 2004 data for DE.

The "early school leavers" indicator focuses on the young segment of the population. A similar indicator measures the proportion of individuals aged 25 or more whose highest level of education or training corresponds to at most lower secondary education. The detailed table with the age breakdown can be found in the Annex I. The value of this indicator increases with progressively older cohorts from 22% for those aged 25-34 to 66% for those aged 65 and over, pointing to improved educational attainment for younger cohorts.

The two indicators are highly correlated. Participation in education and training leading to a recognised qualification for those aged 25 and more – and in particular for the low-qualified in this age group – is still very limited. Therefore the skill-base of adults reflects very much the levels of qualification attained when the individuals were younger. Member States in which educational attainment is low both for young people and adults include Cyprus, Italy, Spain and especially Portugal and Malta.

A second group of countries has a higher than average score for low educational attainment among of adults, but also has a relatively low percentage of early school leavers. This will lead to future improvement of the skill base of adults as the younger and better educated cohort becomes older. This group of countries comprises France, Belgium, Ireland, Luxembourg and Greece. The remaining Member States have a relatively low percentage of both early school leavers and adults with low educational attainment.

Figure 1.16: Low educational attainment of individuals aged 25-65 and early school leavers aged 15-24 – 2005 – percentages



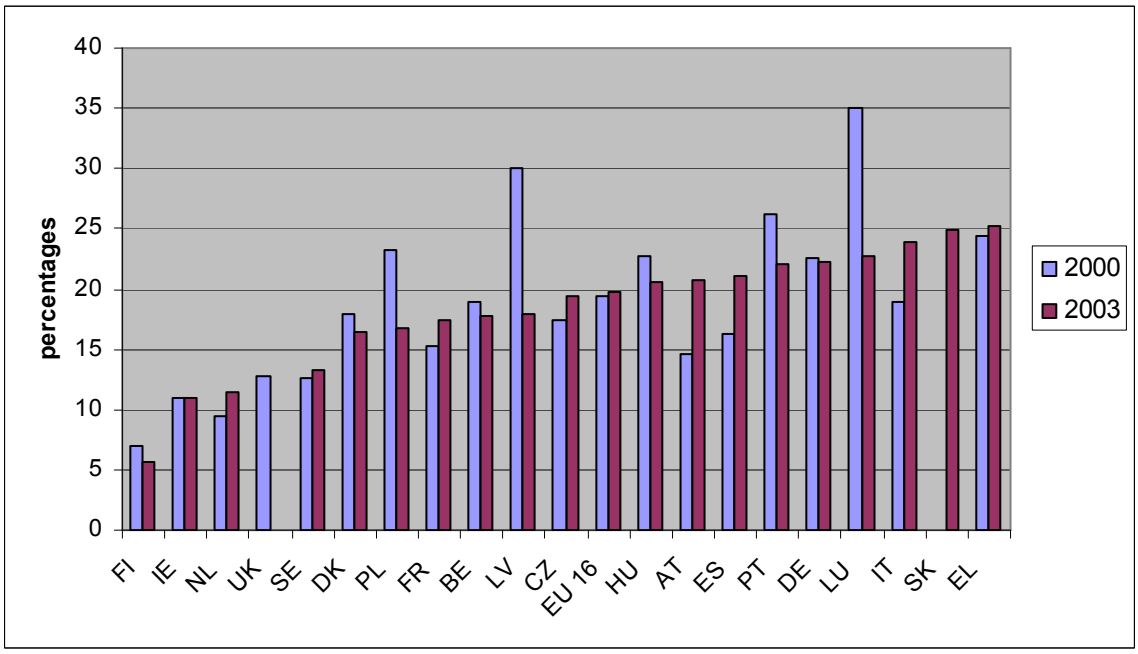
Notes: CY: students usually living in the country but studying abroad are not yet covered by the survey. DE, LU, FI 2005: 2004 data. IE, provisional.

Source: Eurostat, Labour Force Survey - Quarter 2 results (except FR: Q1 for the low educational attainment indicator and FI 2004 and 2005: Q1, AT 1999: Q1 for the early school leaving indicator)

The level of the education attained – used in the 'early school leavers' and 'low educational attainment' indicators – gives only a broad indication of the actual competences acquired. Much more detailed measures of the individual skills can be obtained from the Programme for International Student Assessment (PISA) conducted by the OECD every 3 years. In particular, one indicator has been adopted at the EU level: the share of 15-year-old pupils who are at level 1 or below of the PISA combined reading literacy score.

At the EU level, there was no improvement between 2000 and 2003, and the percentage of low achievers in reading performance remained just below 20%. Finland has the lowest proportion of low performers at 5.7% (less than one third of the EU average), while Greece has the highest proportion (25.2%). Countries which performed poorly in the first PISA round, namely Latvia, Portugal and Poland have improved in 2003. By contrast, Italy and Austria performed significantly worse than the 2000 result. The reasons for Italy are unclear, while in Austria this result has to do with a different weighting for vocational schools.

Figure 1.17: Share of 15-year-old pupils who are at level 1 or below of the PISA combined reading literacy scale



Source: OECD, PISA Survey

An indicator in the area of health that can be seen as expressing the health status as well as the general well being of nations is life expectancy (see Annex I). This is a complex indicator reflecting several dimensions including access to health services and wider socio-economic factors, and therefore it cannot be strictly considered as a specific health indicator[10]. The EU typically has high life expectancy at birth. Concerning men, national figures are between around 66 years in Estonia and Latvia to over 78 in Sweden, with an EU average of just below 75. Life expectancy for women is around 6 years higher, ranging from just under 77 in Estonia and Hungary to 83.8 in France and Spain.

[10] Further indicators in the health domain are being developed, namely an indicator on access to healthcare services by socioeconomic status and other factors, based on the relevant variables in EU-SILC.

CHAPTER II: SOCIAL PROTECTION EXPENDITURE AND FINANCING IN THE EU

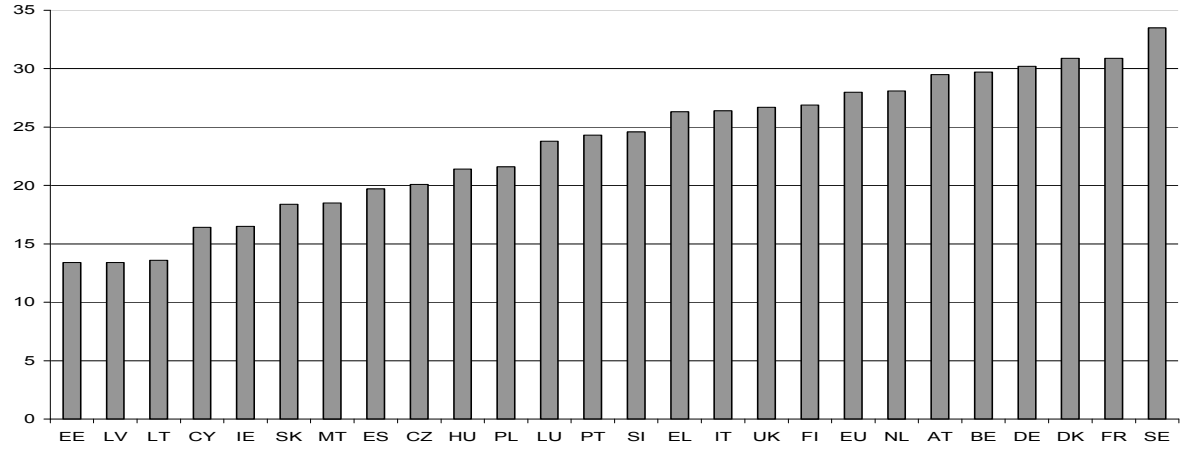
2. THE SCALE OF SOCIAL PROTECTION EXPENDITURE

Average gross spending on social protection in the Union in 2003 represented 28% of GDP (Figure 2.1, Panel A), translating into a figure of average spending per head of population of around 6012 PPS (Figure 2.1, Panel B). Taking account of differences in price levels between countries, expenditure varied between around 1300 PPS units or less in Latvia, Estonia and Lithuania and over 10000 PPS units per capita in Luxembourg[11]; in Denmark and Sweden, social protection expenditure is also high, above 8000 PPS units per head and 30% of GDP, with Germany and France joining the higher ranks in terms of the latter measure.

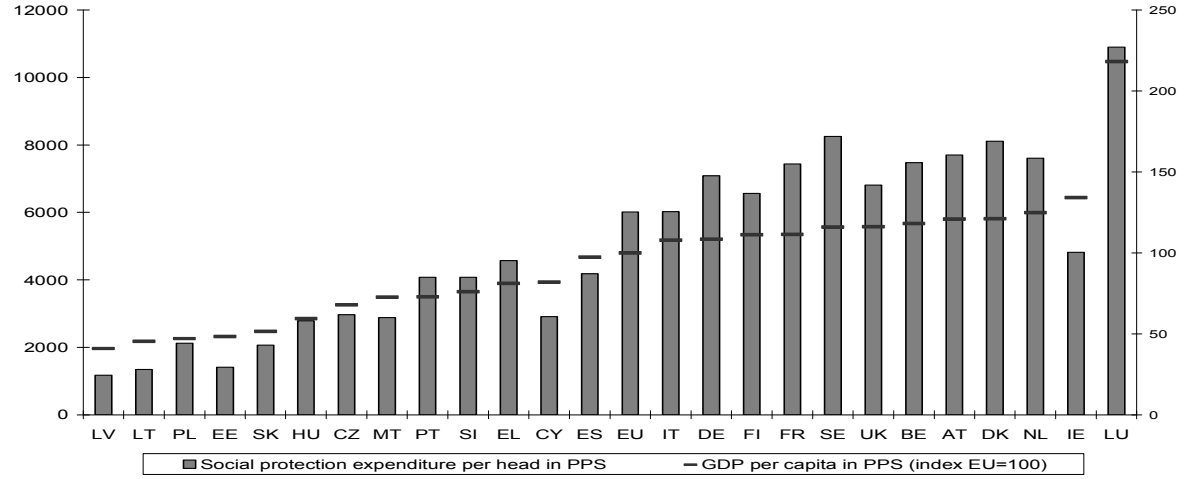
[11] The peculiar structural composition of the labour force in Luxembourg explains why its social protection expenditure per head greatly exceeds that of any other EU country. Cross-border workers represent a large share of the labour force (36% in 2001) and of benefit recipients in Luxembourg. They contribute to increase the nominator of the ratio but are not taken into account in the denominator, as only the resident population is considered.

Figure 2.1 The scale of social protection expenditure in 2003

Panel A. Social protection expenditure as a % of GDP



Panel B. Social protection expenditure (left axis) and GDP (right axis) per head in PPS[1, 2]



1) Luxembourg has to be considered as an outlier given that cross-border workers constitute a large share of the country's labour force and benefit recipients but they are not counted in the denominator of the ratio as only the resident population is considered.

2) Countries are ranked in ascending order by level of GDP per capita in PPS.

Source: Eurostat - ESSPROS and structural indicators databases. Data for Cyprus refer to 2002.

Besides the generosity of the social protection system (both in terms of levels and coverage), some of the factors that influence the level of social protection spending and developments thereof in the Member States are the demographic structure of the population, particularly in terms of age, the level of unemployment/non-employment, the role of private social services, the economic situation and technological developments (particularly in the area of health care). In general, there is a positive relationship between expenditure on social protection and the level of prosperity as measured by GDP per capita in each country. This is to be expected given the greater capacity of the more prosperous countries to finance social protection. The variation in social expenditure per head, however, is greater than that of GDP per head: when excluding Luxembourg from the observation, the ratio between the lowest (Latvia) and the

highest (Sweden) social protection spending per head was around seven to one in 2003, as compared with a gap of just above three to one in respect of GDP per capita. This suggests that the countries tend to spend proportionately more on social welfare as their resources increase.

Nevertheless, this tendency is not systematic. In Cyprus, Spain and especially Ireland, social protection expenditure per head was significantly lower than would have been expected given the level of GDP per head in these countries. In the case of Ireland, this has partly to do with measurement problems: on the one hand, private pensions and private provision for health care are only partly covered in the ESSPROS data; on the other hand, GNP would be a better measure than GDP to assess the scope of social protection expenditure for this country, since the former excludes profits earned by foreign-owned companies which are not wholly available to finance social protection spending. By contrast, in Germany, France and Sweden, as well as Poland, social protection expenditure per head was higher than would have been expected given their comparative levels of GDP per head. The observation of the structure of social protection expenditure, namely by function, allows a better understanding of why some countries spend more than others.

Box 2.1 - The European System of Social Protection Statistics

The data on social protection expenditure and receipts that are used in this analysis have been compiled by Eurostat in accordance with the methodology of the European System of Integrated Social Protection Statistics "ESSPROS Manual 1996". Social protection is defined as encompassing "*all interventions from public and private bodies intended to relieve households and individuals of the burden of a defined set of risks or needs, provided that there is neither a simultaneous reciprocal nor an individual arrangement involved*". As such, the field of observation of the ESSPROS goes beyond that of social security (i.e. social protection offered or imposed by government) to include benefits provided by private social protection schemes, in so far as they have similar effects to social security for the beneficiary. Social protection expenditure includes social benefits, classified by function (see Box 2.2), and administrative and other costs incurred by social protection schemes.

The ESSPROS is designed to provide comparable information on the scale of expenditure and receipts in the EU Member States together with developments over time. However, because of the marked differences in social protection systems across the Union and the difficulties of allowing for them, the data cannot be considered fully comparable between Member States. There are limits to data comparability as regards both the overall scale of social protection expenditure and its composition by function.

With regard to the overall scale of expenditure, two issues need to be highlighted. First, social benefits are recorded gross, without deduction of taxes or other compulsory levies payable on benefit income; furthermore, fiscal advantages granted to households as part of social protection are excluded. As is shown in this analysis, the contribution of the tax system to social protection varies considerably across countries. Second, the borderline between social protection and other areas of social policy or services is not always clear-cut and is established differently across Member States according to the various national contexts: so for example there are variations in the borderline between social protection and education, in the case of childcare services, and in the distinction between social protection and private expenditure in the case of private health care expenditure.

As for the division of spending between functions, and their comparability across countries, there are a number of difficulties. Specifically, in most Member States old age, survivors' and disability benefits are part of a coherent group set up as one system. ESSPROS rules classify these benefits under their respective functions, but the strong interdependence between them may make it difficult for some countries to implement the rules.

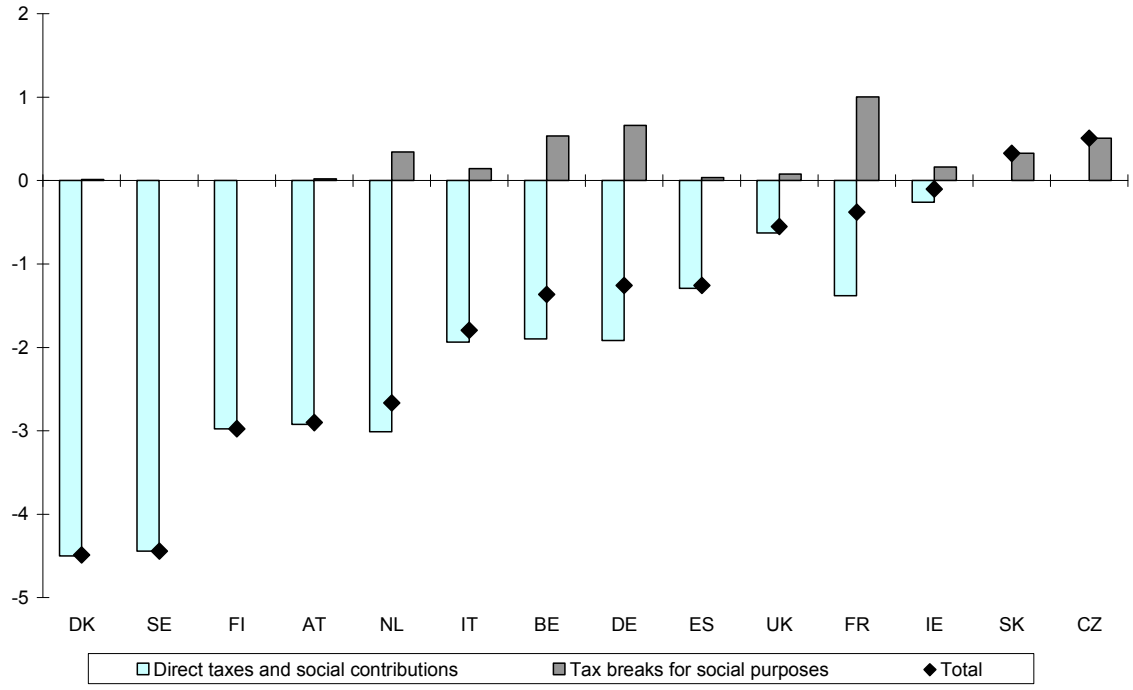
The ESSPROS system has so far been compiled on the basis of a 'gentleman's agreement' by the EU Member States and EFTA countries. A draft Framework Regulation (COM(2006)0011), providing the methodological framework for compiling statistics on social protection on a comparable basis and setting time limits for their transmission by the Member States, has now been proposed by the Commission for adoption by the Council and the Parliament. The Framework Regulation will be implemented through Commission Regulations. This will give the European Statistical System the opportunity to revise the ESSPROS methodology either where it has proved too difficult to implement or in order to reflect new developments in social protection.

Comparisons of gross social protection expenditure across countries, as well as analysis of trends over time, can be misleading if account is not taken of the contribution of the tax system. *Net* social protection expenditure, after direct taxes are accounted for, provides a clearer indication of the proportion of an economy's output that is reallocated to individuals or

households facing social risks or needs. Estimates of the scale of taxes and social charges levied on benefits, on the one hand, and tax breaks for social purposes, on the other, are regularly carried out by the OECD for a selection of countries. Because these estimates are often derived from micro-data sets and micro-simulation models, they inevitably involve some degree of uncertainty and should therefore be interpreted with caution. Figure 2.2 suggests that, in 2001, in most EU countries for which data are available, direct taxes and/or social charges levied on social transfers were more important than fiscal advantages provided for social purposes (namely, tax credits for dependent children), resulting in a negative net contribution of the tax system to total social spending. By contrast, in the Czech and Slovak Republics, social benefits were largely exempt from direct taxes and social contributions, whereas tax advantages to families were worth around 0.5% of GDP, thus contributing positively to net expenditure.

Figure 2.2 The effect of the tax system on gross social protection spending in selected EU Member States, 2001

Percentage point change in the share of total spending in GDP allowed by the tax system



1) Account is taken, on the one hand, of the government "claw-back" on social spending through direct taxation and social security contributions of benefit income; and, on the other hand, of tax advantages for social purposes. Only tax breaks for social purposes which mirror the effect of cash benefits (namely, in support of families) are included; tax breaks aimed at stimulating take-up of private social benefits, whether current or future (i.e. pensions), are not included. Indirect taxation is not taken into account.
The OECD database of social spending (SOCX) underlying these results differs from the ESSPROS database, however the scale of total gross expenditure and the underlying definition do not greatly differ.
Source: author's calculation based on Adema, W. and Ladaique, M. (2005), "Net Social Protection Expenditure, 2005 Edition – More comprehensive measures of social support", Social Employment and Migration Working Paper No. 29, OECD, Paris. For Germany: national submission.

Thus, accounting for the impact of the tax system on social expenditure has an equalising effect on the levels of social effort across countries: in 2001, the highest-spending countries in

gross terms were also those where expenditure was reduced most by the tax system. In particular, in Denmark and Sweden, direct taxation of benefit income amounting to around 4.5% of GDP in 2001 resulted in a significant reduction of net social expenditure. But, again, this tendency is not systematic. In the relatively high-spending France, extensive use of fiscal advantages for families with dependent children restrained the negative impact of the tax system on net social expenditure. By contrast, in Spain and Ireland, use of tax breaks for social purposes was relatively limited and the tax system did not contribute to improving the relative position of these countries in terms of overall net social protection spending.

Fiscal advantages for social purposes that are taken into account in the calculations shown in Figure 2.2 are those that can be seen as replacing cash benefits, normally concerning support for families. Governments sometimes also use the tax system to stimulate the take-up of private social insurance coverage by individuals and/or employment-related plans. These tax breaks are not included in the estimates of net social protection expenditure so as to avoid double counting. They are categorised by the OECD in two groups. First, there are tax breaks towards current private[12] social benefits, i.e. favourable tax treatment aimed at stimulating the provision of private social benefits in the current year such as voluntary private unemployment coverage or private health insurance. This type of fiscal advantage is important in Germany where a large share of the population is covered by private health insurance. Second, there are tax breaks towards the take-up of private pensions. Reliable comparable data for the value of such tax breaks are not available; OECD estimates for 2001 indicate that it was relatively high (at just above 1% of GDP) in Ireland and the United Kingdom.

2.1. The structure of social protection expenditure

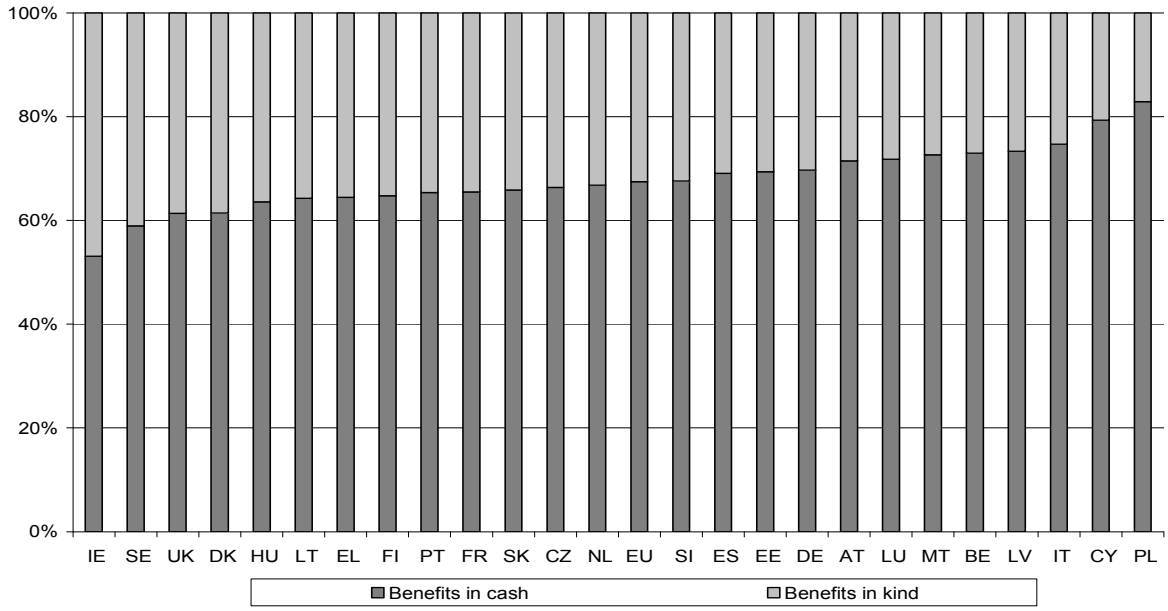
Expenditure in cash and in kind

Benefits in cash are the predominant form of benefit expenditure in the EU – almost 68% in 2003 (Figure 2.3). They are paid out either regularly (e.g. pensions) or as lump sums: indeed, almost two thirds of cash benefit expenditure is classified under the "old age" and "survivors" functions (see Box 2.2 on the functions of social protection), and takes the form of pension payments. The share of cash benefits in total benefits is highest in Poland and Italy, reflecting the predominance of old age spending in total expenditure. Benefits in kind are benefits granted in the form of goods and services and may be provided by way of reimbursement or directly. Health care typically comprises the provision of goods (pharmaceutical products) and services (in-patient and out-patient health care, rehabilitation services), and accounts for 75% of total benefits in kind. The share of benefits in kind in total benefit expenditure is highest in Ireland, followed by Sweden, the United Kingdom and Denmark, reflecting greater use of services and provision of goods across all the protection functions.

[12] In the OECD classification, the distinction between public and private social expenditure is on the basis of whoever controls the relevant financial flows; public institutions or private bodies. Social benefits are regarded as public when general government controls the relevant financial flows.

Figure 2.3 Benefits in cash and in kind, 2003

As a % of total benefit expenditure



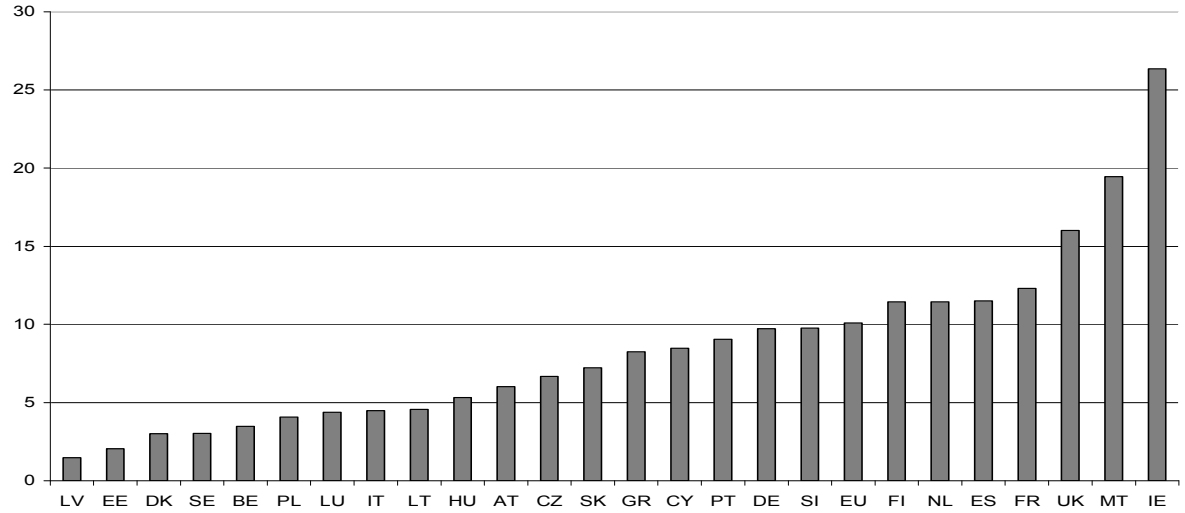
Source: Eurostat – ESSPROS database. Data for Cyprus refer to 2002.

Means-tested expenditure

In 2003, one tenth of total benefit expenditure in the EU was means-tested, that is, conditional upon the beneficiary's income and/or wealth falling below a specified level determined according to standards laid down by the public authorities. In principle, means-tested benefits may be granted for any function. They are particularly common, however, in the area of housing and social exclusion, but it is the family function that accounts for the largest share of means-tested expenditure. There is great variation across countries in the extent to which Member States use means-tests to grant benefits: expenditure subject to means-testing amounted to around 26% of total benefits in Ireland, followed by Malta (19%) and the United Kingdom (16%), whereas it was very limited – accounting for 3% or below – in Latvia, Estonia, Denmark and Sweden (Figure 2.4).

Figure 2.4 Means-tested benefits, 2003

As a % of total benefit expenditure



Source: Eurostat – ESSPROS database. Data for Cyprus refer to 2002.

These figures give only a partial picture of the extent to which social benefits are directed to the lower income groups across the Union. They leave out of the account fiscal measures taken to claw back some of the benefit amounts paid to higher income groups, as well as fiscal advantages for social purposes that benefit proportionally more the lower income groups. As noted above, the revenue yielded by taxes and contributions levied on benefits is relatively large in Denmark, the Netherlands and Sweden, countries in which the extent of means-testing is below the Union average. Furthermore, social protection can benefit proportionally more the most vulnerable sections of the population without being means-tested, for example through the use of categorical benefits or of flat-rate benefit minima or universal benefits.

Table 2.1 The structure of social protection benefit expenditure by groups of functions, 2003

Share of each group of functions in total benefit expenditure

	Old age and survivors	Sickness and health care	Disability	Family	Unemployment	Housing and social exclusion
EU	*45.7*	*28.3*	*8.0*	*8.0*	*6.6*	*3.5*
Belgium	44.5	27.0	6.6	7.8	12.4	1.7
Czech Republic	41.3	35.6	8.2	7.5	3.9	3.5
Denmark	37.2	20.5	13.5	13.2	9.8	5.7
Germany	42.9	27.7	7.8	10.5	8.6	2.5
Estonia	44.8	31.8	9.3	10.0	1.8	2.2
Greece	50.8	26.5	5.1	7.3	5.7	4.6
Spain	43.8	30.7	7.4	3.0	13.3	1.7
France	43.3	30.5	4.8	9.0	7.9	4.5
Ireland	23.2	41.8	5.1	16.0	8.4	5.6
Italy	61.8	25.7	6.4	4.1	1.8	0.2
Cyprus	49.4	25.2	3.8	8.0	5.7	7.9
Latvia	53.1	22.9	8.5	10.8	3.2	1.5
Lithuania	47.4	29.8	9.7	7.9	1.8	3.3
Luxembourg	37.2	24.8	13.4	17.7	4.2	2.8
Hungary	41.3	29.7	10.3	13.0	2.8	2.9
Malta	52.3	26.0	6.5	5.6	6.7	2.9
Netherlands	40.3	31.4	11.1	4.9	6.2	6.2
Austira	48.2	24.8	8.6	10.8	6.0	1.7
Poland	58.5	20.5	12.2	4.7	4.0	0.2
Portugal	46.2	28.8	11.5	6.5	5.5	1.6
Slovenia	45.0	32.4	8.2	8.6	3.1	2.6
Slovak Republic	39.4	32.8	8.9	8.3	5.8	4.9
Finland	37.0	25.1	13.3	11.5	9.9	3.3
Sweden	40.1	26.3	14.2	9.5	5.9	4.0
United Kingdom	44.9	29.6	9.4	6.9	2.7	6.5

Source: Eurostat - ESSPROS database. Data for Cyprus refer to 2002.

Spending on **old age and survivors** remains the largest component of total social protection benefit spending across the Union in 2003. In the EU as a whole, it accounted for some 46% of the total, or over 12% of GDP (see Table 2.1 and Table 4 in Annex I). Except in Ireland, it was by far the largest spending component in all Member States, reaching over half of total outlays in Greece, Italy, Latvia, Malta and Poland. Given the different levels of overall social protection spending in these countries, old age and survivors' benefits account for widely different shares of GDP, ranging from less than 7% in Latvia to almost 16% of GDP in Italy.[13] The Irish exception, with just 23% of total benefits or 3½% of GDP, reflects the

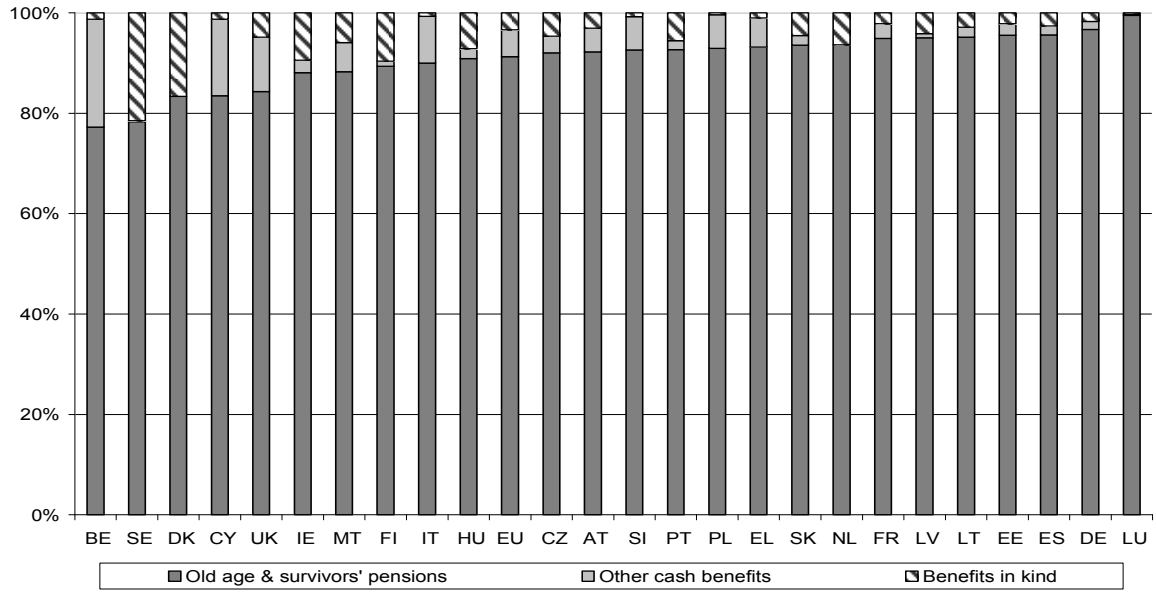
[13] The Italian figure for old age spending includes expenditure on the severance pay (Trattamento di Fine Rapporto - TFR). The inclusion of this item in the old age function is questionable. First, the TFR can be granted to employees at any age upon the termination of an employment relationship; in this respect, spending on this benefit should partially be considered under other functions (namely, unemployment).

comparatively small proportion of people above retirement age but also the higher weight of private funds in the pension system, which are only partly covered in the Irish data. Denmark, Luxembourg, Slovakia and Finland also devote a lower share of social benefit spending to old age and survivors' benefits, at less than 40% of total spending.

Old age and survivors' pensions represent the largest spending component in the total for old age and survivors – more than 90% on average in the EU and in most countries (Figure 2.5). In Sweden, Denmark, Finland and Ireland, benefits in kind in the form of social services to the elderly (e.g. accommodation, assistance in carrying out daily tasks and reductions in fares and prices enabling older people to take part in leisure and cultural life) represent 9% or more of total expenditure. These benefits are normally means-tested.

Figure 2.5 The components of old age and survivors' benefit expenditure, 2003

Percentage share of total



For Italy, see footnote 15.

Source: Eurostat - ESSPROS database. Data for Cyprus refer to 2002.

The use of means-testing in order to provide minimum guaranteed incomes to older people who have not accrued sufficient pension entitlements in the contributory schemes is not widespread: in some countries, basic, flat-rate pensions are based on residency regardless of individual contributions, such as in Denmark and the Netherlands; in a number of other countries, the minimum guarantee is tested only against income from the statutory earnings-related pension scheme (for example, in Italy, Finland and Sweden); in other countries, tighter means-tests only apply to top-up benefits in order to raise incomes to the guaranteed minimum levels. As a consequence, the share of means-tested benefits in total benefit

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Secondly, and more importantly, such payments could be considered as enforced saving or deferred wages rather than as social protection. Expenditure on the TFR accounted for around 1.5% of GDP in 2003; without it, benefit spending on old age and survivors would account for 14.5% of GDP, still the highest in the EU.

spending on old age/survivors is generally quite low, with the exception of Ireland, Finland, Spain and the United Kingdom, where it represented 10% or more of total benefit expenditure.[14]

Box 2.2 - The functions of social protection in the ESSPROS

The broad functions or areas of need distinguished in the ESSPROS classification system are defined as follows:

Sickness/health care: income maintenance and support in cash in connection with physical or mental illness, excluding disability. Health care intended to maintain, restore or improve health irrespective of the origin of the ailment, includes, inter alia, paid sick leave, medical care and the supply of pharmaceutical products.

Disability: income maintenance and support in cash or kind (except health care) in connection with the inability of people with physical or mental disabilities to engage in economic and social activities, includes, inter alia, disability pensions and the provision of goods and services (other than medical care) to the disabled.

Old age: income maintenance and support in cash or kind (except health care) in connection with old age, includes, inter alia, old-age pensions and the provision of goods and services (other than medical care) to the elderly.

Survivors: income maintenance and support in cash or kind in connection with the death of a family member (e.g. survivor's pensions).

Family/children: support in cash or kind (except health care) in connection with the costs of pregnancy, childbirth and adoption, bringing up children and caring for other family members.

Unemployment: income maintenance and support in cash or kind in connection with unemployment, includes, inter alia, unemployment benefits and vocational training financed by public agencies.

Housing: help towards the cost of housing, includes interventions by public authorities to help households meet the cost of housing.

Social exclusion not elsewhere classified: benefits in cash or kind (except health care) specifically intended to combat social exclusion where they are not covered by one of the other functions, includes income-support benefits, rehabilitation of alcoholics and drug addicts, and various other benefits (other than medical care).

Sickness and health care represent the second largest component of total expenditure on social protection at EU level as well as in all Member States, except for Ireland where it is the largest. In 2003, it accounted for 28% of total spending, or almost 8% of GDP for the Union as a whole. The share was lowest, at around 20%, in Denmark and Poland, representing 6% and 4% of GDP respectively. For Denmark, this is not so much a reflection of a low level of spending but of a clearer distinction than elsewhere between the provision of long-term care

[14] For more details on minimum guaranteed income benefits to older people, see the Commission Staff working paper: Synthesis Report on Adequate and Sustainable Pensions (SEC(2006)304 of 27 February 2006).

for the elderly (included under old age) and health care as such. Health care and other benefits in kind accounted for over 80% of total expenditure for this function in all countries except Sweden, where sick leave payments represent almost 30% of expenditure, mainly due to the very high number of working days lost due to sickness in this country. Means-tested expenditure for this function is negligible expect in Ireland and Malta (above 10% of total expenditure).

In 2001, **disability** represented just under 8% of total expenditure in the EU as a whole, or 2% of GDP. The Nordic countries, Luxembourg and Poland devoted 12% or more of their total benefit expenditure to this function. As explained in more detail in Box 2.1, differences across countries in the relative share of this spending category reflect to some extent a different demarcation between functions, as disability pensions paid to people above retirement age should, in principle, be included under old age but this has not always been possible.

The **family function** covers a variety of benefits like maternity benefits, family allowances, parental leave benefits and some services like child care and home help. There is great variety in the share of total benefit expenditure that is devoted to this function, ranging from below 5% in Spain, Italy, the Netherlands and Poland to 13% or more in Denmark, Ireland, Luxembourg and Hungary. Around 27% of expenditure for this function was means-tested, and 73% was paid out as cash benefits. Comparability of this category of expenditure across countries is limited by the fact that transfers to families are often paid out in the form of fiscal advantages, which are not accounted for in ESSPROS, and by the fact that in some countries some social services for families with dependent children may be considered part of the education system and are therefore not included in the scope of social protection expenditure. Fiscal support for families (Figure 2.2) is significant in France and Germany, and, to a lesser extent, in Belgium, the Czech Republic, the Netherlands and the Slovak Republic. It is low in Spain and Italy, thus leaving these countries further behind in terms of support for families. As concerns the borderline between education and social protection, a notable problem is the treatment of the "pre-school" system (after nurseries and before primary school): in some countries (e.g. France) the "pre-school "system is considered wholly as part of the national education system and outside ESSPROS, whereas in others attempts are made to distinguish between education expenditure proper (outside ESSPROS) and social protection expenditure (child day care after school hours). Methodological discussions to try and solve this issue are ongoing in the context of the revision of the ESSPROS methodological framework.

Unemployment is the most variable category of expenditure, given the cyclical nature of the risk it covers. Expenditure on this function reflects, obviously, the unemployment to population ratio in each country. However, other factors play a role, namely the generosity of the benefit system (i.e. coverage, level and duration of benefits) but also the structure of unemployment - for example, if unemployment is concentrated among young people and women with low employment records, or the long-term unemployed, expenditure per unemployed person will tend to be lower. Furthermore, comparability of expenditure data in this function may be affected by differences in the extent to which assistance given to the unemployed to find a job or increase their employability or early retirement programmes for older workers due to labour market problems are taken into account. In 2003, social transfers under the unemployment function (including unemployment benefits but also directly provided labour market programmes) absorbed less than 7% of total benefit expenditure or 1.8% of GDP in the EU. In Belgium and Spain, their share was much higher, above 12%,

whereas Italy, Estonia and Lithuania spent less than 2% of total benefits: clearly, there is little relationship across countries between the relative effort devoted by Governments and the social partners to protection against the unemployment risk and the extent of unemployment in the Member States. This relationship is no stronger over time within countries, as, in the recent period 2000 to 2003, in some countries expenditure on this function declined relative to the number of the unemployed and in other countries it increased.

In the EU, less than one fifth of unemployment expenditure was means-tested, but in Ireland and the Netherlands this share was more than one third and in Malta means-tested benefits largely predominated.

Finally, benefits under the **housing** and **social exclusion** functions accounted for just 3.5% of total benefit expenditure or 1% of GDP in 2003. With a share of less than 0.3% in total spending, this group of benefits appears largely underdeveloped in Italy and Poland. In Italy, there is no general minimum guaranteed income: a minimum insertion income was introduced in 2000 on an experimental and decentralised basis in some 300 municipalities (out of 8000 for the whole country), but was terminated in 2004.[15] For Poland, this figure must be seen in conjunction with the information provided in Chapter III of this Technical annex showing that social assistance in this country appears to be capable of lifting the net incomes of their recipients just above the national at-risk-of-poverty threshold. Combined with the very low figures for overall spending on this type of benefits, this suggests that coverage of social assistance schemes is very low.[16] Benefits in support of housing are by definition means-tested, since the purpose of more general housing support measures goes beyond that of social protection (such measures may be aimed at encouraging the building industry or home ownership). Benefits for the socially excluded are normally means-tested. However, not all the benefits included in this function require a means-test. Sometimes, a lack of adequate resources is implicit, as is for example the case of refugees. In other cases, the benefits are provided regardless of the financial situation of the beneficiary, for example for drug addicts. Therefore, although more than 90% of expenditure for the social exclusion function in the EU is means-tested, in Latvia, Greece, Austria, Sweden and the United Kingdom only half or less of this expenditure is means-tested.

2.2. Recent trends in social protection expenditure

The analysis of social protection expenditure in the Technical Annex to last year's edition of the Joint Report of Social Protection and Social Inclusion showed that social protection expenditure grew continuously over the past decades in most countries for which data were available for a long time series. This steady growth reflected increases in benefit levels and coverage, the growing proportion of elderly people, increasing costs associated with health care and care for the elderly and the gradual extension of welfare support to people not eligible for social insurance on the basis of their employment records.

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15 After this experiment, the Government had foreseen the introduction of a new programme – the Last Resort Income -, fully administered at regional level and co-funded by the State and the regions, but there has been no application of it.

16 This explanation seems to be confirmed in European Commission (2003), *Social Protection in the 13 Candidate Countries: a comparative analysis*, DG Employment and Social Affairs, Brussels.

This section concentrates on more recent trends, from the mid-'90s, for which data are available for most countries, until 2003 (Table 2.2). The pick-up in expenditure that had already been noted last year on the basis of data up to 2001/2002 has continued and between 2002 and 2003 most countries recorded annual real growth rates above the average for the period under observation. A notable exception is the Slovak Republic where real expenditure even fell by 2.7% over the year. Following a major overhaul of the welfare system, the fall in real expenditure in this country was spread across all the functions except unemployment. In Germany, Italy, Portugal and Slovenia, too, real expenditure per capita has grown by a mere 1% or less. On the other hand, in Estonia, Cyprus, Lithuania and Hungary the annual growth rate has been above 8.5%.

Over the whole period 1996-2003, the highest real growth rates, above 6% per year, were recorded in Greece and Ireland and most of all Hungary (almost 8% per annum, but data for the latter country are only available from 1999). Between 2000 and 2003, real expenditure in the EU as a whole grew at an annual average rate of 2.7%, and went from just below 27% to 28% of GDP, reflecting faster growth in social protection expenditure than in GDP, which slowed down considerably (for the EU as a whole, the average growth rate of GDP was of 1.4% per annum, as against an average rate of 3.3% per year in the period from 1997 to 2000).

Table 2.2 Real growth of social protection expenditure per capita, 1996-2003

Average annual percentage growth

	1996-99	1999-2002[1]	2002-2003[2]	1996-2003[3]
EU	:	2.3	3.5	2.7
BE	1.6	2.4	4.5	2.4
CZ	3.9	5.1	3.5	4.4
DK	0.6	1.2	3.8	1.3
DE	1.4	1.6	0.1	1.3
EE	:	3.1	10.7	5.5
EL	7.5	5.4	3.7	6.1
ES	1.2	1.6	3.2	1.7
FR	2.4	2.3	2.7	2.4
IE	4.0	9.5	5.2	6.5
IT	2.4	2.4	1.0	2.2
CY	:	:	8.7	:
LV	:	2.8	5.6	3.7
LT	:	-0.1	8.7	2.8
LU	4.0	4.2	7.5	4.6
HU	:	7.2	10.0	7.9
MT	-0.5	3.2	4.2	1.7
NL	0.9	2.7	1.4	1.7
AT	2.2	1.6	1.6	1.9
PL	:	5.6	2.1	4.4
PT	6.9	2.5	0.4	4.1
SI	5.8	3.5	0.1	4.0
SK	3.4	1.1	-2.7	1.5
FI	-0.9	0.9	4.8	0.7
SE	1.3	2.8	4.4	2.4
UK	1.1	3.4	4.3	2.5

1) 2000-2002 for Estonia, Latvia, Lithuania, Poland and the EU average (excluding Cyprus).
2) 2001-2002 for Cyprus.
3) 1999-2003 for Hungary and 2000-2003 for Estonia, Latvia, Lithuania, Poland and the EU average (excluding Cyprus).
Source: Eurostat – ESSPROS database

Over the last two decades, social protection expenditure in the various Member States has shown a tendency to converge to the EU average. Recent trends seem to point to a departure from this trend, as the gap (calculated as a ratio) between the lowest and the highest share increased between 2000 and 2003, from 2.2 to 2.5 in terms of share in GDP, and from 8.2 to 9.2 in terms of PPS per capita.

The changes observed in total expenditure are the results of social benefits developing at different speeds in respect of the different functions. Table 2.3 shows that there is a wide range of variation in the average rate of increase of benefits for each function and in each country, as well as in the pace at which such developments occurred within the period 1996-2003. Below, the main developments are only briefly summarised.

Table 2.3 Growth of social benefit expenditure by function in real terms, 1996-2003

	EU[1,4]	BE[2]	CZ	DK	DE	EE[1,4]	GR	ES	FR	IE	IT	CY[3]	LV[1,4]	LT[1,4]	LU	HU[4]	MT	NL	AT	PL[1,4]	PT	SI	SK	FI	SE	UK
Total																										
1996-1999	:	1.9	3.8	1.0	1.5	:	8.3	1.6	2.7	5.0	2.4	:	:	:	5.6	:	0.2	1.3	2.4	:	6.4	5.6	3.6	-0.5	1.3	1.6
1999-2002[1]	2.7	3.0	4.9	1.5	1.7	2.7	6.0	2.8	2.5	11.4	2.5	:	2.1	-0.5	5.9	7.0	4.6	3.3	1.9	5.6	4.7	3.7	1.1	1.0	2.4	3.7
2002-2003[2]	3.8	5.3	3.6	4.1	0.1	10.3	3.4	5.0	3.4	6.9	1.9	10.0	5.0	7.9	8.5	9.6	5.1	1.8	2.0	2.7	2.5	0.3	-2.6	5.0	4.8	4.8
1996-2003[3]	*3.1*	*2.8*	*4.2*	*1.7*	*1.4*	*5.2*	*6.6*	*2.6*	*2.7*	*8.0*	*2.4*	*:*	*3.1*	*2.2*	*6.1*	*7.6*	*2.8*	*2.2*	*2.1*	*4.6*	*5.1*	*4.0*	*1.6*	*0.9*	*2.2*	*2.9*
Sickness and health care																										
1996-1999	:	1.5	0.0	4.3	-0.1	:	7.4	2.4	2.7	9.6	2.9	:	:	:	5.2	:	1.3	3.2	4.2	:	7.4	5.5	0.4	1.9	5.9	3.8
1999-2002[1]	4.5	2.2	7.0	3.8	1.5	1.1	8.4	3.8	4.7	12.9	6.0	:	11.5	-0.1	5.3	7.6	6.7	5.1	0.6	7.1	3.1	4.3	1.3	3.7	5.0	7.6
2002-2003[2]	4.7	19.2	3.9	2.1	-1.0	12.9	4.5	5.8	5.2	7.3	0.4	4.1	23.1	7.0	6.0	16.6	7.4	4.0	0.1	1.5	-4.5	3.9	-6.8	6.0	1.1	8.7
1996-2003[3]	*4.6*	*4.2*	*3.5*	*3.8*	*0.4*	*4.9*	*7.4*	*3.5*	*3.9*	*10.6*	*3.9*	*:*	*15.2*	*2.2*	*5.3*	*9.8*	*4.5*	*4.1*	*2.0*	*5.2*	*3.8*	*4.8*	*-0.3*	*3.2*	*4.8*	*6.1*
Disability																										
1996-1999	:	3.3	3.3	5.2	4.2	:	8.4	2.5	2.3	4.7	-1.9	:	:	:	9.9	:	2.5	0.3	0.7	:	5.1	7.0	5.7	-1.7	3.8	-1.0
1999-2002[1]	2.6	3.9	3.3	3.6	1.3	19.3	8.7	1.3	-3.8	11.7	1.9	:	-0.6	3.5	4.8	8.6	6.1	1.4	0.5	0.5	3.3	2.3	10.4	-0.9	5.5	3.2
2002-2003[2]	2.9	-25.5	5.4	8.9	1.0	15.1	1.0	3.3	3.5	7.9	5.1	13.1	-4.1	15.3	4.3	11.0	13.7	0.7	3.4	-1.1	0.7	-3.0	-2.0	3.8	8.1	2.4
1996-2003[3]	*2.7*	*-1.2*	*3.6*	*5.0*	*2.5*	*17.9*	*7.4*	*2.1*	*-0.2*	*8.1*	*0.7*	*:*	*-1.8*	*7.3*	*6.9*	*9.2*	*5.6*	*0.8*	*1.0*	*-0.1*	*3.7*	*3.5*	*6.5*	*-0.6*	*5.1*	*1.3*
Old age and survivors																										
1996-1999	:	3.1	6.7	0.2	1.9	:	7.5	2.1	3.1	4.2	3.0	:	:	:	2.7	:	0.5	3.2	2.6	:	6.8	4.9	3.7	0.9	1.5	3.3
1999-2002[1]	1.7	3.6	3.9	1.2	2.0	2.1	4.9	2.1	2.1	9.0	1.2	:	0.3	-0.9	3.4	8.7	5.4	3.1	2.5	6.8	5.2	4.7	2.8	2.6	2.4	2.8
2002-2003[2]	3.4	4.5	2.1	2.9	0.8	10.2	3.9	3.4	2.5	5.4	1.7	15.8	-1.0	7.8	8.0	4.9	3.4	-1.5	1.3	5.4	4.2	-3.0	-0.2	5.3	6.6	3.9
1996-2003[3]	*2.2*	*3.5*	*4.9*	*1.0*	*1.8*	*4.7*	*5.9*	*2.3*	*2.6*	*6.4*	*2.0*	*:*	*-0.1*	*1.9*	*3.7*	*7.7*	*3.0*	*2.5*	*2.3*	*6.3*	*5.7*	*3.6*	*2.7*	*2.2*	*2.6*	*3.2*
Family																										
1996-1999	:	2.7	-3.8	2.5	4.8	:	3.2	4.6	2.6	6.1	4.3	:	:	:	12.0	:	-7.3	0.3	-0.2	:	5.7	6.6	-4.0	0.2	-3.2	-2.5
1999-2002[1]	2.4	0.4	2.1	2.4	2.7	0.3	3.6	2.2	0.5	17.5	4.4	:	2.1	-4.0	8.4	5.0	-5.2	6.7	3.5	3.5	13.1	3.0	-5.4	-1.8	2.8	-0.6
2002-2003[2]	3.2	-0.4	-2.5	3.2	-1.2	-3.3	8.1	27.1	0.6	7.8	6.1	6.9	9.8	4.4	14.6	14.0	-5.6	5.6	4.8	-5.2	2.7	1.1	-0.1	2.9	4.2	3.7
1996-2003[3]	*2.6*	*1.3*	*-1.1*	*2.6*	*3.0*	*-0.9*	*4.1*	*6.5*	*1.4*	*11.1*	*4.6*	*:*	*4.6*	*-1.3*	*10.8*	*7.2*	*-6.2*	*3.7*	*2.1*	*0.5*	*8.4*	*4.2*	*-4.0*	*-0.3*	*0.4*	*-0.8*
Unemployment																										
1996-1999	:	0.0	15.9	-6.0	0.1	:	20.3	-3.1	0.1	-6.2	-6.4	:	:	:	1.8	:	6.8	-14.6	-1.1	:	-8.1	10.0	29.7	-7.4	-5.0	-10.0
1999-2002[1]	3.3	2.7	2.2	-4.7	0.7	-5.0	9.6	4.6	3.5	2.5	-4.1	:	-7.9	-0.8	12.5	-7.3	5.0	-1.4	2.6	1.3	6.5	-10.0	-14.4	-3.6	-9.3	-2.3
2002-2003[2]	6.8	8.9	19.7	11.0	1.5	82.4	-6.8	5.1	7.4	4.5	6.2	-6.9	9.2	9.2	26.1	4.3	6.5	20.8	10.8	-5.6	43.2	-1.9	36.5	5.8	4.9	0.7
1996-2003[3]	*4.5*	*2.4*	*10.3*	*-3.2*	*0.6*	*18.1*	*11.4*	*1.3*	*2.5*	*-1.0*	*-3.7*	*:*	*-2.5*	*2.4*	*9.5*	*-4.6*	*6.0*	*-4.5*	*2.1*	*-1.1*	*4.3*	*-0.7*	*9.3*	*-4.0*	*-5.5*	*-5.3*
Housing and social exclusion																										
1996-1999	:	-14.7	38.6	-0.9	-1.5	:	19.9	0.3	4.2	4.7	11.2	:	:	:	2.2	:	-4.3	4.7	10.6	:	61.7	:	20.1	-0.3	-5.9	-1.2
1999-2002[1]	2.4	7.5	8.7	0.7	-0.4	1.2	0.9	-1.9	3.0	11.5	13.4	:	4.8	0.9	48.9	0.8	-2.9	1.4	0.0	:	3.6	:	2.5	-2.4	-2.7	2.5
2002-2003[2]	0.4	0.2	11.6	0.2	-0.6	-7.1	1.3	9.0	-1.0	10.1	13.3	12.4	7.7	4.2	2.6	-3.0	20.0	-3.9	0.4	:	-0.3	:	-24.2	4.1	2.9	0.0
1996-2003[3]	*1.7*	*-3.6*	*21.1*	*0.0*	*-0.9*	*-1.7*	*8.7*	*0.6*	*2.9*	*8.3*	*12.4*	*:*	*5.8*	*2.0*	*20.2*	*-0.2*	*-0.5*	*2.0*	*4.5*	*:*	*24.7*	*:*	*5.1*	*-0.6*	*-3.3*	*0.5*

1) 2000-2002 for Estonia, Latvia, Lithuania, Poland and the EU average (excluding Cyprus).
2) For Belgium, there is a break in the series for the disability function between 2002 and 2003, due to a change in methodology.
3) 2001-2002 for Cyprus.
4) 1999-2003 for Hungary and 2000-2003 for Estonia, Latvia, Lithuania, Poland and the EU average (excluding Cyprus).
Source: Eurostat – ESSPROS database

The highest rate of growth in expenditure in the EU over the recent period 2000-2003 occurred in sickness/health care and in unemployment – in both cases, the annual growth rate in real terms was between 4 and 5%, well above the average for total benefit expenditure (3.1%). Benefit expenditure on sickness and health care has grown at a faster rate than total benefit expenditure in all countries except the Czech Republic, Germany, Greece, Luxembourg, Portugal and Slovakia. In most countries, growth of benefit spending for this function reflected increased spending on health care. For unemployment benefits, the picture is more mixed, with some countries recording annual growth rates above 10% (the Czech Republic and Greece between 1996 and 2003 and Estonia between 2000 and 2003) and others recording a decrease of more than 5% a year (Sweden and the United Kingdom, 1996-2003).

Spending on housing and social exclusion recorded the lowest growth rate – 1.7% in the EU between 2000 and 2003. Again, the picture is mixed, with the Czech Republic, Greece, Italy, Luxembourg and Portugal recording high growth rates. In the case of Portugal, this reflects the development of the minimum income guaranteed scheme in the mid-'90s. In Italy, which started from a negligible level of benefit spending on this group of functions, real growth reflects locally-administered housing support and the pilot experiments with the Minimum Insertion Income, discontinued in 2004 (see footnote 14).

As regards old age and survivors, the average growth rate over the whole period has been relatively moderate both in the EU and in individual countries, except Ireland and Hungary (annual growth rates of 6.4% between 1996 and 2003 and 7.7% between 1999 and 2003 respectively). Furthermore, in Belgium, Denmark, Spain, Luxembourg, Finland and Sweden, real growth, albeit moderate overall, appears to have accelerated over the period 1996-2003.

In the light of the considerations above, it appears that the recent growth of social protection expenditure cannot be attributed exclusively to countercyclical factors (i.e. as the increase in unemployment and the general deterioration in economic conditions trigger higher expenditure on unemployment benefits, social assistance, early retirement pensions or even sickness cash benefits and housing payments). In particular, the rise in health care expenditure seems to be driven by structural factors.

The different trends in expenditure by function have resulted in a change of the structure of social benefits by functions. The relative importance of the sickness/health care function has increased everywhere except in the Czech Republic, Luxembourg, Germany, Austria, Portugal and the Slovak Republic. In Ireland, followed by the Netherlands, Finland, Sweden and the United Kingdom, the share of this function in total benefit spending has increased considerably, by 3.7 percentage points or more. The share of old age/survivors has remained virtually stable or decreased in many countries, particularly in Luxembourg (down 6.6 percentage points, which have been shifted to the family/maternity and housing/social exclusion functions), but has increased by around 3 percentage points in Slovakia and Finland.

2.3. The age orientation of social protection expenditure

The changes observed in the above section may be the result of changing needs and demographic developments as much as a reflection of social protection reforms. The analysis that follows represents an attempt to throw light on the relationship between transfers and recipients for two types of social expenditure – expenditure geared to the elderly, on the one hand, and spending on families and children, on the other – by using estimates of the number of people potentially eligible for benefits, in the sense that they fall into the category of those at risk or in need. It must be emphasised from the outset that, given the lack of appropriate data on the number of people in receipt of benefits under the headings examined, this analysis is tentative and at best only indicative of the determinants of social protection expenditure.

In Panel A of Figure 2.6, spending on the elderly is considered in the light of evidence of the age structure of the population, thus attempting to differentiate between the generosity of benefits for this population group and the relative numbers of people of (effective) retirement age – taken as those aged 60 years and over in all countries. In addition to spending on the old age function, all expenditure (in cash and in kind) on survivors'[17] and early retirement benefits[18] is considered as spending geared towards the elderly.

Box 2.3: Age-related expenditure projections

In 2003, the ECOFIN Council gave the Economic Policy Committee (EPC) the mandate to produce a new set of age-related public expenditure projections for all twenty-five Member States covering pensions, health care, long-term care, education, unemployment transfers and, where possible, contributions to pensions/social security systems. The projections are intended to provide an indication on the potential timing and scale of budgetary challenges that could result from ageing population.

The projections were carried out by the Ageing Working Group of the EPC and the European Commission's Directorate-General for Economic and Financial Affairs. They are made on the basis of a common population and labour force projections and agreed common underlying economic assumptions and assuming "no policy change" – i.e. they only reflect enacted legislation but no possible future policy changes (although account is taken of provisions in enacted legislation that enter into force over time). They are also made on the basis of the current behaviour of economic agents, without assuming any future change in behaviour over time: for example, the assumptions on participation rates are based on the most recently observed trends by age and gender.

[17] Part of expenditure on survivors goes to younger people (orphans and young widow(er)s). However, it can reasonably be expected that the large majority of this expenditure goes to the elderly and it is therefore included here. It is worth reminding that in the ESSPROS system, disability pensions paid after standard retirement age are in principle included under the old age function (see Box 2.1). Where it has been possible to implement this rule, the spending on the elderly considered in this exercise also includes disability pensions paid to them.

[18] In the ESSPROS system, early retirement benefits are included under the disability function, when they are paid out to "older workers who retire before reaching standard retirement age … as a result of reduced ability to work", and under the unemployment function, when they are paid out "due to unemployment or to job reduction caused by economic measures."

Compared to the previous exercise of public spending projections, carried out in 2001, this pension projection exercise is broader, going beyond public pensions to include statutory private pensions and, in some cases, occupational pensions as well as contributions and pension assets. Social security and other public pensions are broken down into two categories: old age and early retirement pensions (also including, in principle, disability and widow's pensions paid out to persons over retirement age); and other pensions (e.g. disability and survivors' pensions without any lower age limit).

The figures on pensions for the base year 2004 were collected on an ad-hoc basis through the national authorities, following common guidelines. As such, they are not directly comparable with ESSPROS figures, mainly because they do not include all occupational pension expenditure. The projections based on these figures were carried out by the Member States.

As for health and long-term care, the figures on public expenditure for the base year 2004 were collected from Member States but the projections were made by Commission services. They are based on the current institutional provision of services and on a prudent scenario taking account of the effect of ageing on the health status of elderly people and of the income elasticity of demand.

Overall, ageing populations are projected to lead to significant increases in public spending in most Member States by 2050. On the basis of current policies, total age-related public expenditure is projected to increase by 3.4 percentage points of GDP, while expenditure on pensions, health and long-term care alone is projected to increase by 4.4 percentage points for the EU and over 10 percentage points in some Member States[19].

[19] See Economic Policy Committee/European Commission (2006): The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, health care, long-term care, education and unemployment transfers (2004-2050), European Economy, Special Report 1/2006, available under: http://europa.eu.int/comm/economy_finance/publications/european_economy/2006/eespecialreport0106_en.htm.

Projected changes in public expenditure for pensions, health care and long-term care between 2004 and 2030/50 (% of GDP)

	Pensions			Health care			Long-term care		
	Level*	Change from 2004		Level*	Change from 2004		Level*	Change from 2004	
	2004	2030	2050	2004	2030	2050	2004	2030	2050
BE	10.4	4.3	5.1	6.2	0.9	1.4	0.9	0.4	1
DK	9.5	3.3	3.3	6.9	0.8	1	1.1	0.6	1.1
DE	11.4	0.9	1.7	6	0.9	1.2	1	0.4	1
EL				5.1	0.8	1.7			
ES	8.6	3.3	7.1	6.1	1.2	2.2	0.5	0	0.2
FR	12.8	1.5	2	7.7	1.2	1.8			
IE	4.7	3.1	6.4	5.3	1.2	2	0.6	0.1	0.6
IT	14.2	0.8	0.4	5.8	0.9	1.3	1.5	0.2	0.7
LU	10	5	7.4	5,1	0.8	1.2	0.9	0.2	0.6
NL	7.7	2.9	3.5	6.1	1	1.3	0.5	0.3	0.6
AT	13.4	0.6	-1.2	5.3	1	1.6	0.6	0.3	0.9
PT	11.1	4.9	9.7	6.7	-0.1	0.5			
FI	10.7	3.3	3.1	5.6	1.1	1.4	1.7	1.2	1.8
SE	10.6	0.4	0.6	6.7	0.7	1	3.8	1.1	1.7
UK	6.6	1.3	2	7	1.1	1.9	1	0.3	0.8
CY	6.9	5.3	12.9	2.9	0.7	1.1			
CZ	8.5	1.1	5.6	6.4	1.4	2	0.3	0.2	0.4
EE	6.7	-1.9	-2.5	5.4	0.8	1.1			
HU	10.4	3.1	6.7	5.5	0.8	1			
LT	6.7	1.2	1.8	3.7	0.7	0.9	0.5	0.2	0.4
LV	6.8	-1.2	-1.2	5.1	0.8	1.1	0.4	0.1	0.3
MT	7.4	1.7	-0.4	4.2	1.3	1.8	0.9	0.2	0.2
PL	13.9	-4.7	-5.9	4.1	1	1.4	0.1	0	0.1
SK	7.2	0.5	1.8	4.4	1.3	1.9	0.7	0.2	0.6
SI	11	3.4	7.3	6.4	1.2	1.6	0.9	0.5	1.2
EU-25	**10.6**	**1.3**	**2.2**	**6.4**	**1**	**1.6**	**0.9**	**0.2**	**0.6**

NB: The EU25 averages are calculated excluding countries for which data were not available.

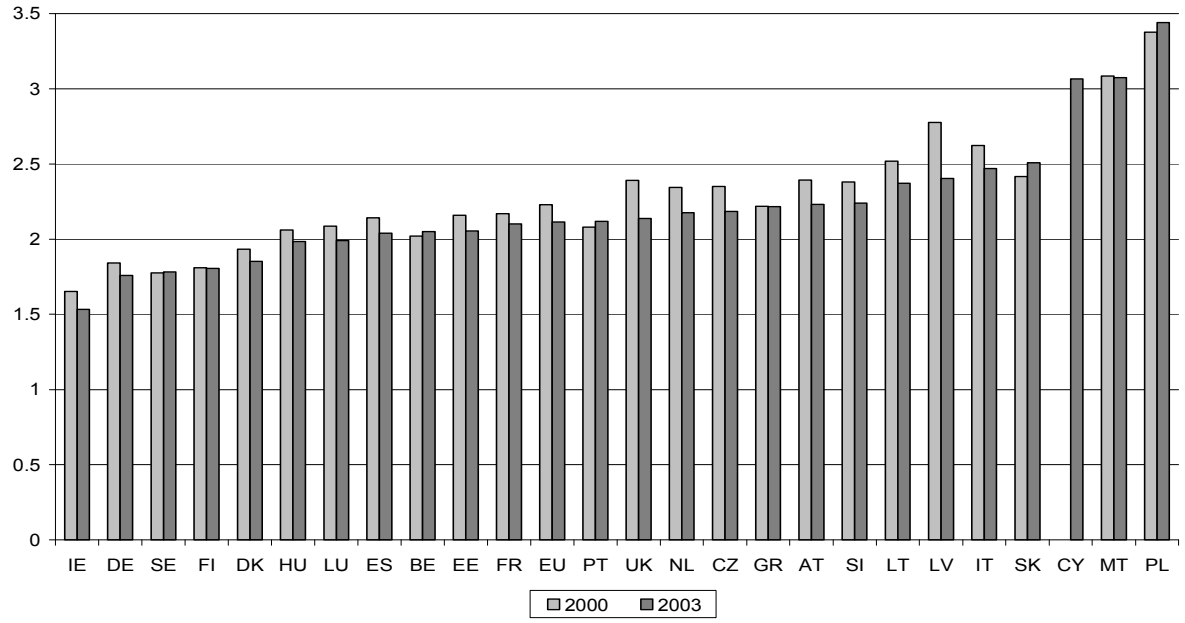
Source: See footnote19

As is to be expected, given that old age involves by definition a social protection need and reflecting the income replacement role of pensions, the elderly receive a higher share of social protection expenditure than the rest of the population. Spending per capita on the elderly, adjusted by the share of the elderly in total population, is more than twice that on the total population, with Cyprus, Malta and Poland recording much higher values – three times or more. Differences across countries reflect wide variations in effective retirement ages, the coverage and replacement rates offered by pension systems, as well as the time spent receiving an old age pension. Where the old age orientation of social spending is very high, high pension and other old age-related spending takes its toll on spending directed at other groups of the population, namely children and those with insufficient resources.

The age orientation of social spending on the elderly has fallen between 2000 and 2003 in almost all countries, with the exception of Belgium and Portugal, the Slovak Republic and Poland. This certainly reflects the increase in employment rates of older workers (aged 55-64 years) in recent years, which in the EU went from 36.6% in 2000 to 41% in 2004, partly as a result of reforms to pension systems.

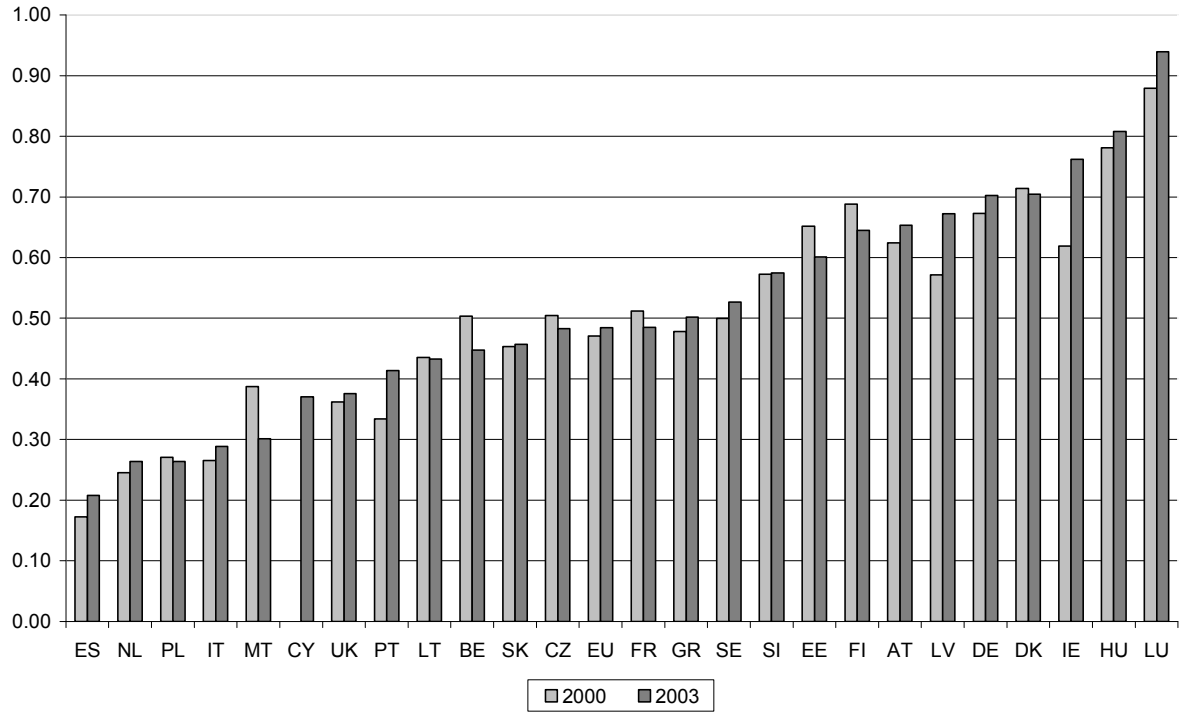
Figure 2.6 The age orientation of social protection expenditure, 2000 and 2003

Panel A. Relative spending on old age[1]



1) Social spending on old age, survivors' and early retirement benefits as a share of total social benefit spending, divided by the share of the elderly (aged 60 or more) in total population.

Panel B. Relative spending on children aged 0-14[2]



2) Benefit spending on the family/children function as a share of total social benefit spending, divided by the share of people aged 0-14 years in total population.

Source: Eurostat - ESSPROS database and demographic statistics. Data for Cyprus refer to 2002 instead of 2002.

In Panel B of Figure 2.6, the generosity of benefits in the family/children function is assessed against the relative numbers of children (aged 0-14 years) in the total population. Benefit

spending on family/children, adjusted by the proportion of young children in the total population, is everywhere lower than social spending on the overall population; in 2003, in Spain, the Netherlands, Poland, Italy and Malta, it was even 30% or less of such expenditure, having increased only slightly since 2000 or even decreased in Poland and Malta. By contrast, Ireland, Hungary and Luxembourg devote a relatively high share of social protection expenditure to children. Most countries, and particularly Portugal, Latvia and Ireland, have recorded an increase in the orientation of social protection expenditure towards children, no doubt as a result of improvements in family allowances and childbirth assistance benefits. This is reflection of the fact that the promotion of birth, help for families most in need and facilitating reconciliation of work and family life are becoming a central issue in national legislation policies. For the latter purpose, there is a growing concern in the Member States to encourage applications for childcare benefits from certain categories of parents, either through direct assistance or tax credits. For the reason mentioned in Box 2.1, however, this latter type of measures may not be fully taken into account in the ESSPROS database (and, more generally, in interpreting Figure 2.6 account needs to be taken of the comparability problems for the family/children function highlighted in section 2.2).

Obviously, it is the education system that plays the most fundamental social role with regard to children, and the assumption inherent in social protection systems is that children's main resource is their parents' earnings from work. For these reasons, childhood is identified as a social protection risk as such to a limited extent and intervention mainly takes place to support families financially or through child care provision for small children not yet in the education system, primarily in order to encourage reconciliation of work and family life.

2.4. The poverty reduction function of social protection

A high level of social protection expenditure alone cannot in general be taken to indicate a high degree of social protection. A more in-depth quality analysis of social services and delivery systems is necessary in order to assess the extent to which resources are used efficiently and social benefits perform their key redistributive functions. It is also necessary to take into account the role of private resources and services/benefits, and of informal solidarity links in ensuring adequate protection, in addition to those provided by public systems.

In particular, the extent to which social protection systems perform social redistribution towards low-income groups, thus helping to reduce poverty risk, depends on the structure of social protection expenditure, including the degree to which it is (implicitly or explicitly) targeted on the most vulnerable sections of the population. This section attempts to explore the relationship between social protection expenditure and the poverty risk rate on the basis of the available evidence drawn from microdata.

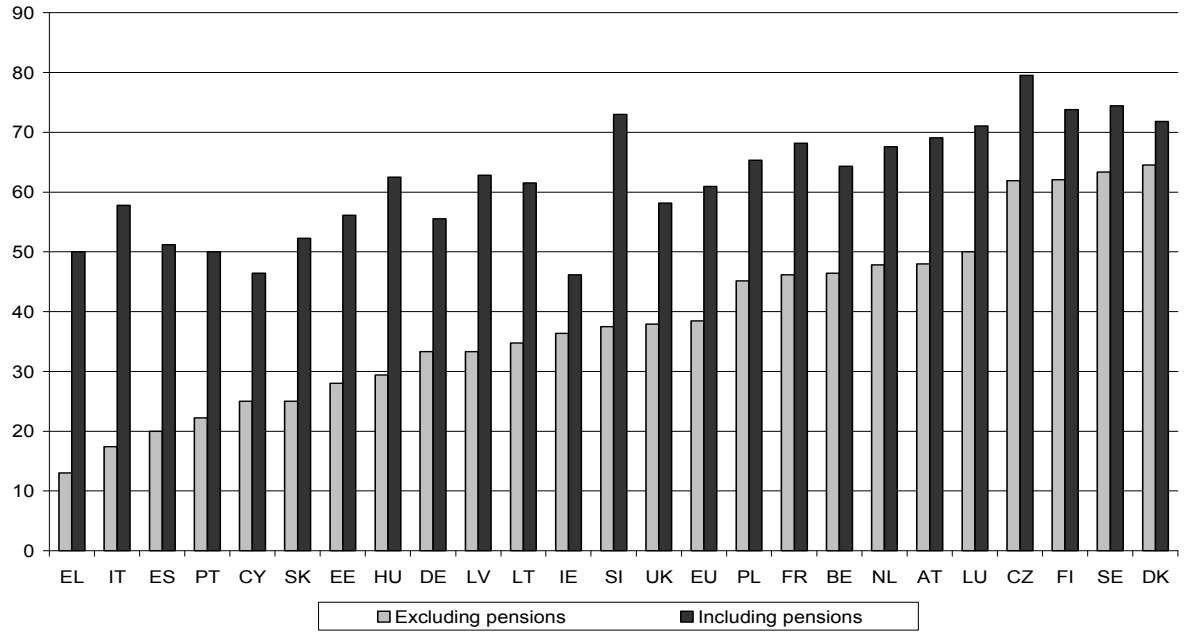
A comparison between the standard at-risk-of-poverty rate and the hypothetical situation where social transfers are absent *ceteris paribus* shows that such transfers have an important redistributive effect that helps reduce the number of people who are at risk of poverty. In the absence of all social transfers, the average poverty risk for EU Member States would be considerably higher than it is in reality, by the order of 25 percentage points (average pre-transfer risk rate of 42% instead of the post-transfer value of 16% - see Chapter I and Annex I). The status of pensions is however rather different from that of other transfers, as their primary role is not only to redistribute resources across income groups but also, or primarily,

over the life-cycle of individuals and/or across generations. If, therefore, pensions are considered as primary income rather than social transfers, the pre-transfer poverty risk rate would be 26% on average in the EU.

Figure 2.7 shows the percentage drop (in absolute value) of the at-risk-of-poverty rate allowed by social transfers, both excluding and including pensions from the notion of "social cash transfers".[20]

Figure 2.7 The impact of social transfers (including and excluding pensions) on the at-risk-of-poverty rate, 2003[1]

% reduction in the total poverty-risk rate allowed by social transfers



1) Czech Republic: 2002. Data for Slovakia are provisional.
Countries are ranked by the % drop of the at-risk-of poverty rate allowed by social transfers other than pensions.
Source: Eurostat. See Chapter I and Annex I for more detail.

The poverty-reducing effect of social transfers, both with and without taking account of pensions, is particularly evident in the Czech Republic, Finland, Sweden and Denmark, where all social transfers reduce poverty by three fourths or more. In the remaining countries, the poverty-risk-reducing impact of social transfers depends on whether pensions are considered as social transfers or primary income. In Greece and Italy, there is a marked difference between the two situations: when pensions are considered as primary income, social transfers reduce the number of those with an income below the poverty risk threshold by less than 20%. By contrast, in Ireland, pensions do not appear to have a decisive impact on the reduction of poverty. To some extent, these patterns reflect the emphasis that Member States

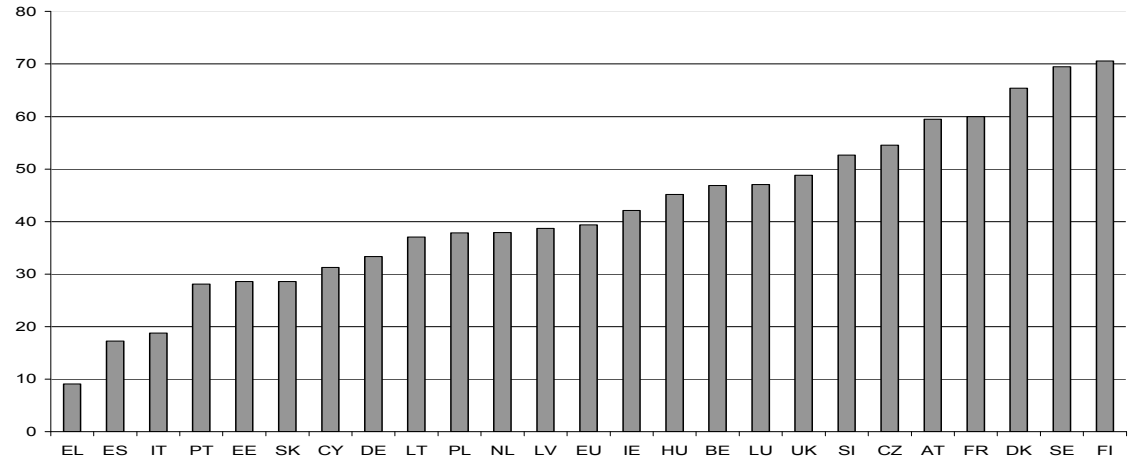
[20] In each country, these rates are calculated with the same threshold, namely the nationally-defined 60% threshold calculated on the basis of total household income, i.e. including all social transfers.

place on the various functions of social protection, as reflected in the structure of expenditure (Table 2.2): in Italy and, to a lesser extent, Greece, expenditure on old age takes its toll on other forms of social expenditure, whereas in Ireland old age and survivors represented, in 2003, less than one fourth of total expenditure.

The impact of social cash transfers on the poverty risk rate differs across age groups. Figure 2.8 illustrates the percentage drop in the poverty risk rate for children aged 0-15 years allowed by social transfers (excluding pensions). In the Nordic countries, the drop in the poverty risk rate for children allowed for by social transfers other than pensions was as high as 65% or more; on the other hand, in Greece, Spain and Italy, children are the group who benefit least from poverty relief allowed by social benefits (the percentage drop was of less than 20%).

Figure 2.8 The impact of social transfers on the at-risk-of-poverty rate for children, 2003[1]

% reduction in the total poverty-risk rate for children (aged 0-15) allowed by social transfers other than pensions



1) Czech Republic: 2002. Data for Slovakia are provisional.
Source: Eurostat. See Chapter I and Annex I for more detail.

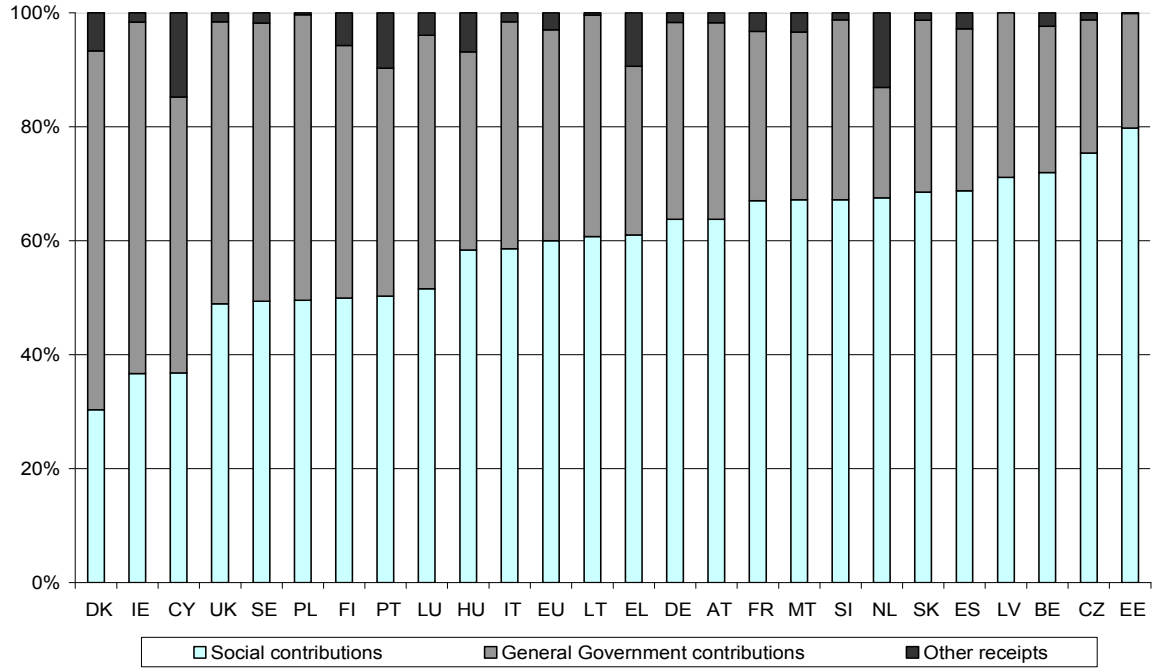
The indicator of poverty risk before social transfers must be interpreted with caution for a number of reasons. First, no account is taken of interventions that, like social cash transfers, can have the effect of raising the disposable incomes of households and individuals, namely transfers in kind as well as tax credits and tax allowances. Second, the pre-transfer poverty risk is compared to the post-transfer risk keeping all other things equal – namely, assuming unchanged household and labour market structures, thus disregarding any possible behavioural changes that the situation of absence of social transfers would involve. Finally, social protection can provide relief from poverty but does not in itself help individuals and families durably elude poverty. If they are to be effective in combating poverty and social exclusion, social transfers in cash must be accompanied by adequate health care, education, social services and measures facilitating integration into the labour market for those capable of working. This is why many Member States are increasingly focusing their policies on promoting individual self-sufficiency through an employment-friendly social protection system that fosters participation in the labour market.

2.5. Sources of finance

Across the EU, social protection spending is to a large extent financed through contributions from wages paid by employers and employees, plus contributions paid by benefit recipients on benefit income. In 2003, social contributions accounted for 60% of all social protection receipts (Figure 2.9); general Government contributions financed through taxes represented 37% of the total. The EU average masks large national differences in the structure of social protection funding. Denmark, Ireland and Cyprus finance social spending mainly through general taxes; in the remaining countries, social contributions (either paid by employers or by employees) play a far more important role, up to more than 70% of total receipts in Latvia, Belgium, the Czech Republic and Estonia. Other receipts are relatively more important, with a share of 9% in the total or more, in Cyprus, Portugal, Greece and the Netherlands.

Over the period 2000 to 2003, in the EU as a whole, the share of social contributions in total receipts has continued to decline, from 61% in 2000 to 60% in 2003. This fall was particularly evident in Ireland, Poland and the United Kingdom. On the other hand, the relative importance of contributions increased over the period by more than 2 percentage points in Luxembourg, where it was counterbalanced by a decrease in the share of general Government contributions.

Figure 2.9 The structure of social protection financing by source, 2003



Countries are ranked in ascending order by share of social contributions in total receipts.
Source: Eurostat, ESSPROS database. Data for Cyprus refer to 2003.

CHAPTER III: FINANCIAL INCENTIVES TO WORK: A SOCIAL INCLUSION PERSPECTIVE

3. INTRODUCTION

One of the key areas of reform aimed at supporting the general objective of the renewed Lisbon strategy to attract more people in the labour market is to ensure that work pays and that the underlying incentive structure in the tax and benefit systems is supportive to employment. In Integrated Guideline No 19, Member States are asked to conduct a *"continual review of the incentives and disincentives resulting from the tax and benefit systems, including the management and conditionality of benefits and a significant reduction of high marginal effective tax rates, notably for those on low incomes, whilst ensuring adequate levels of social protection"*.

Indeed, strengthening incentives and support for labour market participation continues to be the main driver of many welfare and tax reforms in the Member States. The concern is to reduce reliance on social protection and increase self-sufficiency by supporting labour market participation and "making work pay", that is, making work an economically attractive option relative to welfare. While of interest from a work incentive perspective, the design of welfare and tax systems is also crucial from a social inclusion perspective. In reviewing tax and benefit systems, Member States also need to make sure that social transfers and income support schemes for those who remain out of the labour market are effective in relieving poverty. Balancing the two goals of increasing labour supply incentives and at the same time alleviating poverty is a challenge for policy-makers, who also have to take account of the budgetary costs that any tax and benefit reform may involve.

It is therefore important to regularly assess both the financial consequences of labour market transitions and the degree of protection from poverty risk related to situations of joblessness. Indicators of financial incentives to work have been developed with the aim of identifying any adverse effect of taxes and social transfers on people's work decisions and conducting a prior assessment of the impact of 'making work pay' policies on household incomes, as well as the potential for further reform. The analysis that follows reflects on the use of such indicators in a social inclusion perspective. It highlights the income adequacy aspects related to these indicators and discusses some of the contextual information that needs to be taken into account when interpreting them.

3.1. The scope of the analysis

The evidence reviewed in this chapter looks at the impact of individual earnings' changes following employment transitions on total household incomes, in order to assess the financial gains resulting from these transitions. Three different types of transitions are considered: from unemployment to work; from inactivity to work; and a change in working hours or work effort for those already in employment. The situations where these transitions are characterised by low or even negative financial returns are commonly referred to as the unemployment trap, the inactivity trap and the low wage trap. Specifically:

– the term **unemployment trap** refers to the situation where out-of-work income for the unemployed (and their families), as provided by the tax-benefit system, is high relative to net in-work earnings;

– the **inactivity trap** is a situation similar to the unemployment trap except that it applies to jobless people who are not or no longer eligible for unemployment benefit but receive social assistance and other income-tested benefits. A situation where work does not pay may be brought about by minimum income or other income-related benefits which are withdrawn upon taking up paid work;

– the **low-wage trap** is related not to a transition into work but to the financial consequences of increasing working hours or work effort for those already in work. The "trap" refers to a situation where an increase in gross earnings fails to translate into a net income increase that can be felt by the individual to be a sufficient return for the additional effort.

Only transitions to work in the formal economy are considered: in reality, under certain conditions, for individuals who are inactive or unemployed or are working only a limited number of hours, the choice is not only between work and non-work, but between non-employment, work in the formal economy, either part-time or full-time, undeclared work and a combination of these.

The indicators are calculated as marginal effective tax rates (METRs), showing the share of a change in gross earnings following a labour status transition[21] that is taxed away by the combined operation of taxes, social security contributions and withdrawal of social benefits (see Box 3.1). They are derived from a joint OECD-EC project aiming to provide tools for assessing the impact of social transfers and fiscal policies on the incomes of employees and non-employed working-age individuals and their families and thus on financial incentives to work. Model results are used for calculating relevant policy indicators monitoring employment, social and fiscal policy developments across countries and to evaluate reform options.

The impact of financial disincentives on labour supply – that is, the extent to which potential traps are actual ones – is an empirical question that is not discussed in this chapter. It is just worth mentioning here that the elasticity of labour supply to changes in the tax and benefit systems, as far as it can be determined, appears to vary between Member States and, within Member States, across different population groups depending on a multitude of factors ranging from access to and availability of services to the conditions of national and local labour markets. Thus, financial incentives, as measured by the trap indicators, only partly explain labour market outcomes. Furthermore, to be effective in bringing more people into the labour market, policies aimed at reducing financial disincentives to work must be firmly embedded in a coherent and comprehensive policy package that acts on both the supply and demand side of the labour market.

3.2. Does work pay? An analysis of the evidence

The text that follows focuses on individuals with low incomes and low wage potential. This is the group for whom decisions on the most appropriate tax-benefit rules raise the hardest policy dilemmas. If, on the one hand, low-income individuals can potentially gain most from financially rewarding their entry to employment, measures to do so risk aggravating their economic hardship if labour demand for this segment of workers remains weak.

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[21] For all three traps examined in this chapter, the observed changes in net incomes are induced by jumps in earnings and not to marginal changes – ie. from 0 earnings to the specified level of earnings (expressed as a share of the APW level) in the unemployment and inactivity traps and from a low level of earnings to a higher one in the case of the low wage trap (with earnings changing by 33 p.p. of the APW) .

Box 3.1. Reading Tables 3.1 to 3.4 and Figures 3.1 to 3.4: methodological notes

Marginal Effective Tax Rates measure the percentage share of any additional earnings following a labour status transition that is taxed away through the combined effect of any relevant tax-benefit parameters. Formally, they are calculated as followed:

$METR = 1- (\Delta y_{net})/(\Delta y_{gross})$

where Δy_{gross} are the additional gross earnings stemming from the new labour market status and Δy_{net} is the change in net income obtained after taxes and benefits.

The higher the value of the METR, the lower the financial incentive to work. Thus, for example, a value of 100 for the indicator shows that moving from inactivity to work leads to no additional net income. A value bigger than 100 indicates that net earnings in work are less than total out-of-work net income.

The benefits that are taken into account in available estimates include social assistance, unemployment, housing, family and in-work benefits.[22] Only cash benefits are taken into account; benefits in kind provided directly or by way of reimbursements, including reductions in prices or fares of essential services like transport, health care and culture, are not included. Where there is regional variation in the rates of some of the tax and benefit parameters used in the calculations, namely in social assistance and housing benefits, one of three alternatives has been chosen: the average of the different local regimes, the regime applying in a particular region which can be considered typical, or national guidelines.

For the calculation of housing benefits, it is assumed that housing costs consist entirely of rent, and the level of rent for all family types regardless of income level and income source is 20% of the gross earnings of an average production worker. Albeit transparent and easy to understand, this is a very simple assumption and needs to be taken into account when interpreting the results.

Any income taxes payable on unemployment benefits are determined in relation to annualised benefit values (i.e. monthly values multiplied by 12) even if the maximum benefit duration is shorter than 12 months.

The results shown in tables and figures of this analysis refer to four family types: a single person without dependants (which can be treated as the benchmark case), a lone parent with two children, a one-earner couple with two children and a two earner-couple with two children. Unless otherwise specified, children are aged 4 and 6 and neither childcare benefits nor childcare costs are included. For married couples, the second spouse is assumed to be inactive with 0 earnings in a one-earner couple and to have full-time earnings equal to 67% of APW in a two-earner couple. In practice, in the case of unemployment and inactivity traps, the one-earner married couple must be understood as a jobless household with one potential worker; the two-earner married couple represents a couple with one worker and a potential second earner.

[22] For a detailed methodological discussion of these indicators and the model underlying their calculation, see Carone, G., Salomäki, A., Immervoll, H. and Paturot, D. (2004), "*Indicators of unemployment and low-wage traps (Marginal Effective Tax Rates on Employment Incomes)"*, European Economy Economic Papers No 197, European Commission, DG for Economic and Financial Affairs, Brussels, and OECD (2004), "Benefits and Wages – OECD Indicators", Paris.

Finally, the results shown do not take into account of existing minimum wage provisions, nor of the shape of the earnings distribution in each country. Results shown for people with low earnings in full-time employment may not actually be relevant if employees are covered by minimum wage legislation, whereby minimum wages are higher than the 50% or 67% of APW level. However, the results generally are still valid for part-time workers.

3.2.1. The unemployment trap

Unemployment benefit systems are intended to provide income security during unemployment. By doing so, they can result in a better and more efficient match between workers and jobs as they allow individuals to spend more time on job searching. At the same time, unemployment benefits can reduce the financial incentives to return to work and thus lower job search intensity and result in benefit dependency if they are not carefully designed. In what follows, only some of the key parameters of the design of unemployment benefit systems, namely those determining amounts paid, are discussed; eligibility conditions are not discussed but it is recognised that they are key features that need to be taken into account in assessing making work pay strategies.

Table 3.1 Unemployment traps for unemployed persons returning to full-time work at two different wage levels[1], 2004 and changes 2001-2004

Panel A. 2004 levels (%)

	Single person, no children		Lone parent		One-earner couple, 2 children		Two-earner couple, 2 children	
moving to % of APW	50	67	50	67	50	67	50	67
Belgium	96%	88%	83%	79%	82%	76%	81%	77%
Czech Republic	79%	65%	71%	69%	97%	78%	78%	65%
Denmark	105%	89%	98%	89%	86%	89%	103%	92%
Germany	100%	87%	100%	93%	100%	84%	114%	98%
Greece	96%	76%	106%	83%	106%	83%	70%	56%
Spain	97%	80%	100%	79%	100%	78%	100%	81%
France	100%	82%	100%	90%	99%	90%	101%	82%
Ireland	88%	73%	-3%	12%	94%	87%	59%	52%
Italy	67%	59%	63%	54%	63%	52%	84%	74%
Luxembourg	99%	85%	103%	88%	103%	104%	100%	82%
Hungary	77%	66%	86%	68%	86%	68%	80%	63%
Netherlands	93%	87%	90%	85%	92%	88%	86%	76%
Austria	87%	73%	98%	81%	100%	96%	88%	75%
Poland	99%	83%	83%	73%	100%	95%	85%	78%
Portugal	110%	87%	95%	97%	82%	82%	110%	85%
Finland	88%	80%	92%	86%	92%	94%	89%	76%
Slovak Republic	56%	43%	45%	34%	46%	31%	62%	47%
Sweden	105%	87%	103%	91%	100%	100%	105%	87%
United Kingdom	78%	71%	55%	64%	67%	73%	70%	61%

Panel B. Percentage point changes between 2001 and 2004

	Single person, no children		Lone parent		One-earner couple, 2 children		Two-earner couple, 2 children	
moving to % of APW	50	67	50	67	50	67	50	67
Belgium	-4	-1	-3	0	-5	0	-5	-2
Czech Republic	0	-2	-11	-1	-3	-11	-4	-9
Denmark	-2	-2	3	-2	-1	-1	-3	-3
Germany	0	-1	0	0	0	0	0	0
Greece	9	7	9	7	9	7	-5	-3
Spain	0	1	4	1	4	-1	1	1
France	-4	-5	-2	-1	-2	-1	-4	-5
Ireland	0	0	-8	-8	-1	-1	-7	-5
Italy	-2	0	0	1	0	-2	4	4
Luxembourg	-5	-3	-3	2	0	0	-5	-4
Hungary	-7	-9	-2	-3	-2	-3	-5	-10
Netherlands	0	1	-1	-2	-1	-1	-2	-1
Austria	-1	-2	-2	-1	0	-1	1	1
Poland	7	5	0	3	0	4	-7	0
Portugal	-2	-1	-9	11	0	0	-2	-1
Finland	-1	-1	-2	-2	-8	-5	-2	-2
Slovak Republic	-37	-38	-61	-72	-60	-80	-23	-22
Sweden	0	0	0	0	0	0	0	0
United Kingdom	-1	0	8	6	4	3	10	8

1. Results relate to the situation of a person who has just become unemployed and receives unemployment benefits (following any waiting period) based on previous earnings equal to 67% of APW (full-time work). Social assistance top-ups and housing benefits are assumed to be available in either the in-work or out-of-work situation where applicable. See Box 3.1.

Source: Joint EC-OECD project using OECD tax-benefit models.

Panel A of Table 3.1 shows that for an unemployed person previously employed at a wage of 67% of average national earnings (here measured as the average earnings of a full-time

manual worker in the manufacturing industry – APW), taking up a new job at the same wage as before the unemployment spell would imply facing a marginal effective tax rate of over 70% in almost all countries and for all four household types shown in the Table. This means that taking up a new job would increase net income by just 30% or less of the increase in gross earnings. There are notable exceptions to this pattern, and low METRs are found in countries where in-work benefits are in place (e.g. Ireland, the United Kingdom) or in countries with low net incomes during unemployment (e.g. Italy). The Slovak Republic combines low social assistance benefits with their gradual phasing out if the recipient begins to earn income from work.

With few exceptions, the financial rewards for taking up a job would be even smaller if the new job pays less than before the unemployment spell: if the new job pays only half of average national earnings, not only are earnings lower, but proportionally more of the additional gross income generated by the new job would be taxed away as a result of the withdrawal of out-of-work payments. In many countries – Denmark, Greece, Germany, France, Luxembourg, Portugal, and Sweden – unemployed persons face marginal tax rates of 100% or more – that is, entering a new job at a low wage would imply no net income gain or even a net income loss compared to the situation when out of work.

Comparing across family types, the Table shows that unemployed people with a non-working spouse and dependent children are faced with the highest METRs in several countries. This is due not only to the withdrawal of unemployment benefits but also to the phasing out of the additional social assistance payments to which this household type may be entitled to.

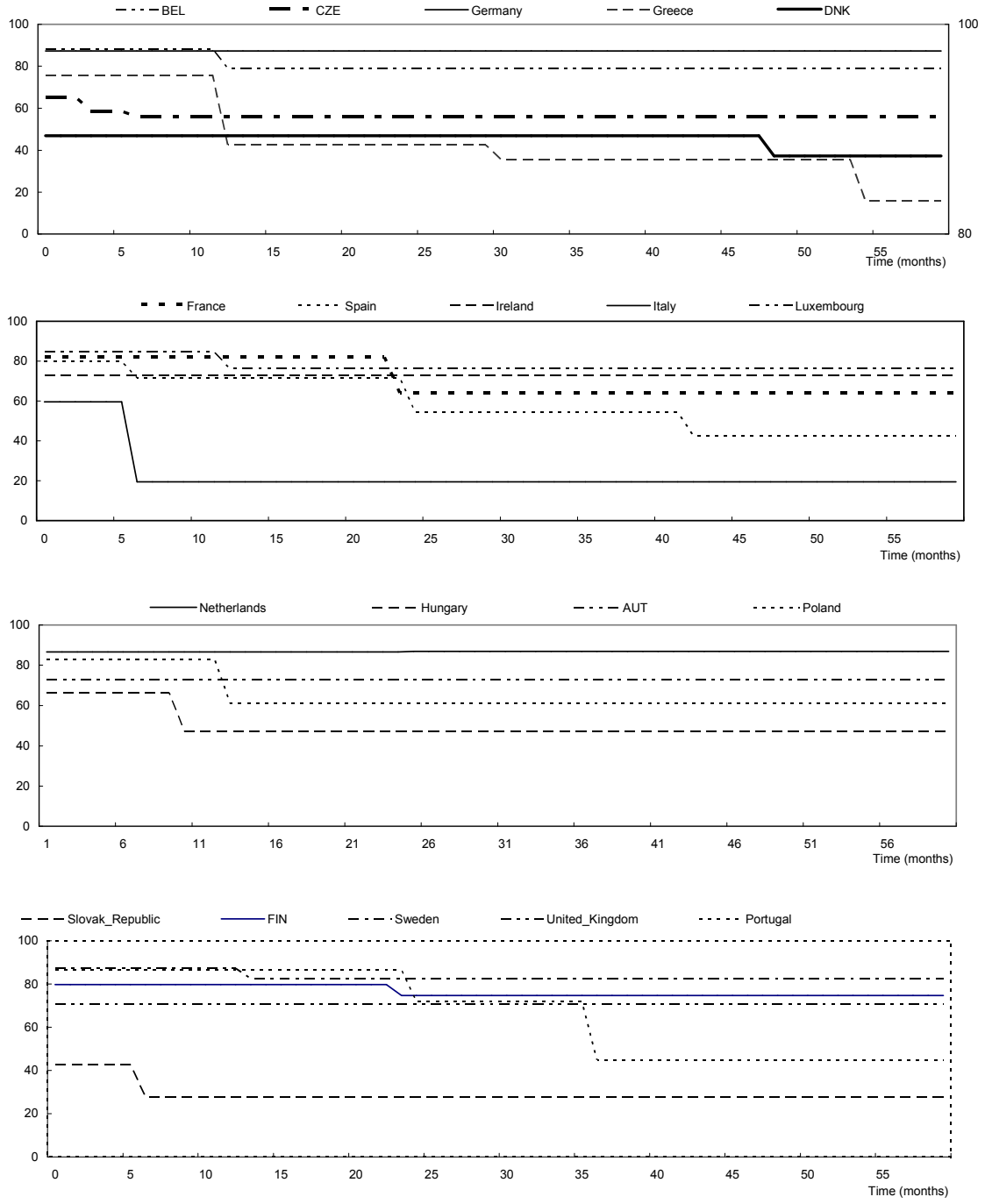
Panel B of Table 3.1 shows percentage point changes in METRs faced by unemployed persons between 2001 and 2004: for most countries the figures are negative, which shows that policy efforts to review tax and benefit systems to enhance financial incentives to work, as part of a wider policy package to make work pay, are bearing fruit. In most cases, reductions in METRs have been achieved through mechanisms that allow in-work earnings to be topped up, rather than by reducing out-of-work incomes, notably by allowing beneficiaries to retain part of their benefits upon taking up work. In general, reforms of benefit systems aimed at getting beneficiaries into work tend to attach conditions with regard to active job search or participation in active labour market programmes, affecting benefit coverage rather than levels. However, in some countries, benefits have been increased by less than nominal wages, resulting in lower replacement rates and lower METRs. In the Slovak Republic, the remarkable reduction in financial disincentives to work stems in large part from the relatively low level of social assistance that is now offered following the welfare reform that came into force on 1 January 2004, together with the fact that social assistance is reduced less abruptly if the recipient begins to earn labour income.[23]

Figure 3.1 shows what happens when long-term unemployment sets in, that is, when transitions to work occur after one year of unemployment or more. In about half the countries for which data are available, the 12th and 13th months of unemployment do not see any relevant change in the METR. Even after five years of unemployment, the financial disincentive to work remains considerable, with a METR above 60%, in many countries. This is the result of the fact that, in most Member States, unemployment and social assistance replace the unemployment insurance scheme after its expiry, often with more favourable tax

[23] Brook, A. and Leibfritz, W., (2005) *Slovakia's introduction of a flat tax as part of wider economic reforms*, Economics Department Working Papers No 448, OECD, Paris.

treatment. By contrast, Greece, Italy, Hungary, Spain and Portugal see a substantial drop in the level of the indicator even after a short unemployment spell.

Figure 3.1 The unemployment trap for a single person over five years[1], 2004



1) In-work and previous earnings are equal to 67% of APW. Month one refers to a transition from unemployment to employment during the first month of benefit receipt, i.e. following any waiting period. For these charts, transitions from unemployment assistance have been treated as transitions from unemployment insurance for the calculation of in-work income, where applicable. Social assistance top-ups and housing benefits are assumed to be available in either the out-of-work or in-work situation where applicable. See Box 3.1.

Source: Joint EC-OECD project using OECD tax-benefit models.

An important assumption in the model underlying these calculations is that the unemployed person receives unemployment and related benefits for the maximum period to which he or she is legally entitled. This implies that the individual satisfies whatever requirements for actively seeking work are imposed throughout the period of legal entitlement. Should the price of refusing a job offer or discontinuing active job search be the (partial) withdrawal of benefits, as occurs in many countries, the METR would obviously decrease by the same degree. On the other hand, long-term unemployment may lead to a depreciation of skills and decreased employability, thus lowering the probability of re-entering the labour market at the same wage as before the unemployment spell (as assumed in the calculations). If a lower re-entry wage is assumed, financial incentives to work would be lower. For these reasons, the picture depicted in Figure 3.1 is somewhat simplified. However it provides important information which allows assessing how and when financial incentives change over different unemployment spells.

3.2.2. The inactivity trap

Table 3.2 shows the combined effect of tax and benefit systems on the financial incentives of entering low-wage employment or part-time work for inactive persons. The indicator is shown with respect to two entry wages (50% and 67% of APW) and four family types.

Table 3.2 Inactivity traps for inactive persons entering work at two different wage levels[1], 2004 and changes 2001-2004.

Panel A. 2004 levels (%)

	Single person, no children				Lone parent				One-earner couple, 2 children				Two-earner couple, 2 children			
moving to % of APW	50		67		50		67		50		67		50		67	
Belgium	66%		66%		75%	*66%*	73%	*66%*	70%		67%		38%		45%	
Czech Republic	66%		56%		71%		69%		97%		78%		44%		39%	
Denmark	103%		88%		90%	*95%*	84%		90%	*95%*	92%		63%		61%	
Germany	89%		79%		90%		85%		90%		76%		49%		49%	
Greece	16%		16%		16%		16%		16%		16%		16%		16%	
Spain	47%		42%		63%		52%		69%		54%		16%		19%	
France	80%	*58%*	67%		87%	*55%*	81%		100%	*54%*	90%		28%		27%	
Ireland	88%		73%		-3%	*45%*	12%		94%		87%		30%		30%	
Italy	14%		19%		-10%	*0%*	0%		-17%	*-4%*	-8%		39%		41%	
Luxembourg	89%		76%		85%		83%		75%		84%		48%		40%	
Hungary	51%		47%		51%		42%		51%		42%		13%		13%	
Netherlands	93%		87%		83%		79%		93%		89%		40%		42%	
Austria	87%		73%		98%		81%		100%		96%		22%		25%	
Poland	70%		61%		54%		51%		100%		95%		47%		50%	
Portugal	54%		45%		56%		55%		74%		70%		63%		50%	
Finland	81%		75%		62%		63%		92%		94%		35%		36%	
Slovak Republic	27%		28%		37%		35%		52%		42%		20%		22%	
Sweden	98%		83%		68%		65%		100%		100%		37%		36%	
United Kingdom	78%	*79%*	71%		55%	*57%*	64%	65%	67%	*70%*	73%	*75%*	60%		53%	

Panel B. Changes 2001-2004

	Single person, no children		Lone parent		One-earner couple, 2 children		Two-earner couple, 2 children	
moving to % of APW	50	67	50	67	50	67	50	67
Belgium	-5	-1	-2	1	-8	-2	-7	-3
Czech Republic	-6	-7	-11	-1	-3	-11	3	-4
Denmark	-2	-2	-1	-5	-2	-2	-4	-4
Germany	0	-1	0	0	0	0	-2	-2
Greece	0	0	0	0	0	0	0	0
Spain	-3	-1	-5	-6	-8	-10	4	4
France	-3	-4	-1	-1	1	1	-6	-7
Ireland	0	0	-8	-8	-1	-1	1	1
Italy	-3	0	1	2	2	-1	-5	-3
Luxembourg	-3	0	-9	2	-13	-10	16	12
Hungary	-4	-6	7	3	7	3	-9	-14
Netherlands	1	2	0	-1	-1	-1	5	5
Austria	-1	-2	-2	-1	0	-1	2	0
Poland	-2	-2	-29	-19	0	4	0	6
Portugal	3	3	0	0	19	14	26	20
Finland	-5	-3	-3	-3	-8	-5	-2	-2
Slovak Republic	-85	-68	-88	-86	-73	-83	-54	-39
Sweden	0	0	4	3	0	0	0	0
United Kingdom	-1	0	8	6	4	3	6	5

1) Values in italics report METR values for inactive persons entering part-time work at hourly earnings corresponding to the APW level, where they differ from METR levels faced by inactive persons entering full-time work at 50% of APW. See Box 3.1.

Source: Joint EC-OECD project using OECD tax-benefit models.

METRs faced by inactive individuals considering taking up a job and who are not or no longer entitled to unemployment benefits are generally lower than those affecting unemployment-to-work transitions. This is to be expected given that out-of-work income support benefits on which these people can rely are lower than unemployment benefits. Still,

in many cases, the entry into a low-paid job would result in an increase in net income of no more than 30-40% of the increase in gross terms. Greece, Italy and, to a lesser extent, Spain, Hungary and Portugal, are notable exceptions: in these countries, the absence or shortage of minimum income schemes[24] explains the very low level of METRs in these countries. In Ireland, METRs are also low, due to in-work benefits to raise incentives to work for lone parents, whereas the combination of low out-of-work benefits and income supplements for workers explains the low inactivity METRs in the Slovak Republic.

Across family types, METRs are generally higher for members of workless households with a dependent spouse and children (i.e. the one-earner couple with two children), especially when entering a job that pays half the APW wage. METRs are close to or higher than 90% in 10 out of the 19 countries for which data are available: in these cases there is no or little pay-off from taking up employment. This is mainly due to the withdrawal of social assistance benefits, in some cases in combination with the withdrawal of housing benefits. On the other hand, employment, even if low-paid (or, more realistically, a part-time job that pays the hourly APW), appears to bring significant income gains to spouses whose partner is already working, by at least 40% of the additional gross income.

The values in italics in Table 3.2 indicate the values of METRs for inactive people entering part-time work, where they differ from the size of the financial disincentives related to a transition to a full-time job paying the same monthly wage. In France and, to a lesser extent, Belgium, taking up a part-time job that pays half the monthly rate of APW generates more income than working full-time at the same monthly salary; the opposite is true for lone parents in Ireland, as well as in Denmark and Italy.

Looking at changes in METRs over time, between 2001 and 2004 (Table 3.2, Panel B), confirms the observations made above when looking at changes in unemployment traps, as virtually all countries record a reduction of METRs. The spectacular decrease of the inactivity traps in the Slovak Republic, already explained in the context of unemployment traps, shows up the strong financial disincentives to work that potential workers were faced with before welfare reform (in 2001, METRs for lone parents and one-earner couples with children were above 120%).

The case of the two-earner couple with children can be seen to illustrate the case of potential second earners, normally women, who have to choose between staying at home and looking after their children or work and use childcare services. While the availability of quality childcare services is essential to ensuring the participation of parents, especially mothers, in the labour market, childcare costs can be a major expenditure item for working parents. Such costs can, therefore, affect labour supply decisions of lone parents and second earners with low wage potential. In Table 3.3, OECD estimates of childcare fees (and benefits) have been incorporated into the calculations so as to obtain estimates of household incomes after childcare costs, assuming that households where all adults are employed purchase formal (centre-based) childcare services on a full-time basis (whereas families with at least one labour market inactive adult do not require any formal childcare). The calculations have been

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[24] In Greece, there is no universal guaranteed minimum income benefit, but a number of categorical social assistance benefits. In Italy, the experimental income support scheme adopted by some 300 municipalities out of 8000 for the whole country was terminated in 2004. In 2004, the Government had foreseen the introduction of a new scheme – the Last Resort Income - fully administered at regional level and co-funded by the State and the regions. This scheme, however, has not been applied (for more details, see http://europa.eu.int/comm/employment_social/social_inclusion/docs/2005/it_it.htm).

performed with respect to lone parents as well as the two-parent scenario. The available estimates refer to 2001/2002; this is why the values of inactivity traps in the absence of childcare costs do not correspond to those shown in Table 3.3 (they are generally higher). Furthermore, the estimates of childcare fees depend on a large number of assumptions, and where fees are not uniform across institutions or regions, averages or typical fees are shown: they therefore need to be considered with some caution. The results shown in Table 3.3 can, however, usefully illustrate the important financial trade-offs between work and staying at home faced by families with children.

Once childcare costs are taken into account as work-related expenses, taking up work pays consistently, and in some cases considerably, less than when they are not included in the calculation. Low-wage second earners in about half the countries for which estimates are available see more than 70% of their additional earnings consumed by childcare fees, taxes and reduced benefits. For lone parents, the payoff from employment can be even lower. The best example is Ireland, where a METR of 54% for lone parents (with two children, but with no childcare costs) shoots up to 131% when childcare costs are included.

It must be kept in mind that it is assumed in the calculations that childcare services are always available, whenever parents decide to use them: this is unfortunately not always the case, and limited availability of good quality childcare services can represent a major barrier to work.

Table 3.3 Inactivity trap at 67% of APW[1], with and without childcare costs

Country and Year	Lone Parents, two children, no childcare	Lone Parents, two children, with childcare	Two-earner couple, two children, no childcare	Two-earner couple, two children, with childcare
Austria 2001	82%	95%	24%	63%
Belgium 2002	75%	82%	48%	73%
Denmark 2001	88%	93%	65%	85%
Finland 2001	66%	77%	38%	70%
France 2002	81%	107%	29%	59%
Germany 2001	85%	88%	51%	59%
Greece 2001	16%	21%	16%	29%
Hungary 2001	38%	67%	27%	80%
Ireland 2001	20%	131%	29%	101%
Netherlands 2001	80%	87%	38%	78%
Portugal 2001	55%	95%	30%	73%
Slovak Republic 2001	121%	141%	61%	82%
Sweden 2002	61%	64%	34%	41%
United Kingdom 2002	59%	69%	49%	82%

1) Transitions are from non-unemployment benefit recipiency to full-time employment at 67% of APW. Both family types are assumed to have two children, **aged 2 and 3**, and are assumed to use, after transition, full-time childcare in public or publicly recognised facilities, where applicable. Calculations for Finland, Hungary and the Slovak Republic include a benefit payable to parents who stay at home to look after their children. Information on childcare fees or benefits is incomplete or unavailable in Italy, Luxembourg, Spain, the Czech Republic and Poland.

Source: Joint EC-OECD project using OECD tax-benefit models.

3.2.3. The low wage trap

Supplementing workers' incomes is an obvious way to improve financial incentives to enter work for the inactive and the unemployed without cutting social benefit levels. Workers'

incomes can be improved through the tax-benefit system in a variety of ways (e.g. by introducing employment-conditional benefits, disregarding a certain level of earnings or number of hours worked for fiscal purposes, or operating gradual benefit phase-outs). The risk of these measures, however, is that they shift work disincentives to a higher income range. In fact, due to the combined effect of increasing taxes and withdrawing benefits, marginal effective tax rates at low earnings can be higher than at middle- and high-income levels. As a result, for low-income individuals who have a job, working longer hours or earning higher wages often entails little additional net income.

In Table 3.4, the 'low wage trap' indicator is used to measure these disincentives for low-income groups in the four different family types.

Table 3.4 Low wage traps for wage increases from two starting low wages, 2004 and 2001-2004

Panel A. 2004 levels (%)

	from 33 to 67% of APW				*from 67 to 100% of APW*			
Income ranges:	Single person, no children	Lone parent	One-earner couple, 2 children	Two-earner couple, 2 children	Single person, no children	Lone parent	One-earner couple, 2 children	Two-earner couple, 2 children
Belgium	58%	57%	43%	59%	57%	57%	50%	55%
Czech Republic	33%	39%	57%	30%	28%	52%	54%	34%
Denmark	81%	72%	89%	58%	52%	62%	59%	43%
Germany	75%	86%	69%	50%	53%	52%	51%	52%
Greece	16%	16%	16%	16%	18%	16%	16%	16%
Spain	24%	18%	15%	19%	29%	26%	24%	29%
France	37%	59%	75%	22%	40%	40%	40%	32%
Ireland	47%	53%	74%	25%	30%	84%	48%	30%
Italy	29%	0%	-12%	50%	42%	52%	60%	47%
Luxembourg	74%	94%	110%	14%	33%	14%	67%	20%
Hungary	32%	20%	20%	13%	39%	28%	28%	39%
Netherlands	76%	59%	79%	37%	47%	60%	64%	48%
Austria	47%	63%	92%	33%	45%	45%	45%	45%
Poland	65%	41%	91%	56%	35%	115%	47%	35%
Portugal	15%	92%	82%	12%	24%	20%	91%	23%
Finland	62%	60%	100%	32%	43%	59%	68%	43%
Slovak Republic	22%	25%	39%	31%	30%	29%	14%	30%
Sweden	66%	45%	100%	33%	36%	57%	52%	36%
United Kingdom	62%	77%	76%	51%	33%	73%	79%	33%

Panel B. Percentage point changes 2001-2004

	from 33 to 67% of APW				*from 67 to 100% of APW*			
Income ranges:	Single person, no children	Lone parent	One-earner couple, 2 children	Two-earner couple, 2 children	Single person, no children	Lone parent	One-earner couple, 2 children	Two-earner couple, 2 children
Belgium	-9	-11	-9	-8	0	0	1	0
Czech Republic	6	1	23	17	-2	10	-13	3
Denmark	3	9	5	2	3	5	2	7
Germany	1	0	1	1	0	-1	4	0
Greece	0	0	0	0	3	0	0	0
Spain	-5	-1	8	-4	1	-4	-7	0
France	8	-6	-7	5	-3	4	4	-3
Ireland	-1	5	1	0	0	-13	-8	0
Italy	0	-3	2	0	-2	3	-8	-1
Luxembourg	-10	-17	0	0	3	0	-25	5
Hungary	6	-4	-4	21	1	12	12	1
Netherlands	-3	8	5	0	-2	-10	-10	-3
Austria	4	2	-1	-5	-4	-2	-2	-4
Poland	-9	0	-9	1	0	-57	-12	0
Portugal	0	-34	0	-1	0	-4	-40	0
Finland	-5	1	-2	2	2	4	1	2
Slovak Republic	45	91	87	-9	-6	3	94	6
Sweden	0	-3	0	3	1	-1	-1	1
United Kingdom	-1	-39	-25	-20	-1	2	-1	-1

1) Results show how much of a given rise in earnings is taken away in the form of higher tax and lower welfare benefits. In-work benefits that depend on a transition from unemployment to work are not available since the person changing working hours is already in employment prior to the transition.

Source: Joint EC-OECD project using OECD tax-benefit models.

The effect of benefit withdrawal rules and their interaction with taxes can be significant for one-earner families with children and for single parents. In several countries, on average, these family types are able to retain only a small share of the increase in gross earnings resulting from increased work effort.

In many countries, METRs for a jump in earnings from 33% to 67% of APW are higher than those for a jump in the higher range, reflecting the fact that most income-tested social transfers are already phased out in the higher ranges and only taxes and social security contributions play a role. However, in countries where minimum income schemes are not in place or pay low amounts – i.e. Greece, Hungary, Italy and Spain – the low wage trap is low even in the first income range.

The picture concerning changes in METRs between 2001 and 2004 (Table 3.4, Panel B) is far more mixed than in the case of unemployment and inactivity traps. This is evidence of the fact that accomplishing a substantial reduction of all three types of traps can prove a very hard task: either because the required measures would be inconsistent with other fundamental goals of the social protection system (namely, poverty alleviation), or because measures aimed at reducing one trap (e.g. through widespread use of in-work benefits) could cause another type of trap to arise at a higher income level, not to mention the budgetary implications of such measures. Policy-makers will have to make choices based on which goals and target groups are to be considered a priority and on a careful evaluation of the ensuing trade-offs. In this context, it is important that measures to make work pay are closely monitored from both a labour market and a social inclusion perspective.

In fact, this analysis has shown that, while of interest from a work-incentive perspective, the relative income gain following a transition from unemployment or inactivity to work, or between two working situations, is also interesting from a social inclusion perspective. High METRs faced by people with low income potential, in any of the three transitions considered, illustrate the little welfare gain resulting in taking up a job or increasing work effort, especially if this involves having to bear costs for childcare services. Considering that for many of these people low paid jobs are often not a stepping stone to higher paid jobs, work may not appear an attractive option to them. The analysis in this chapter has also shown that when METRs are low, they hide low levels of protection offered to those who are out of work.

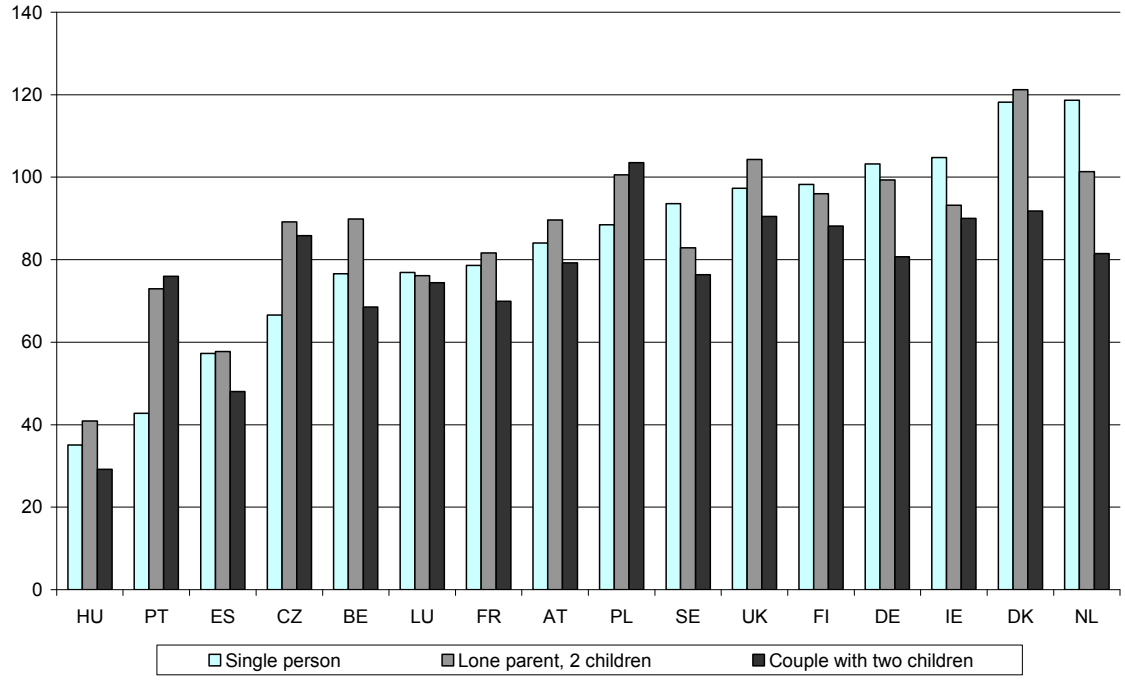
3.3. Do out-of-work benefits provide adequate incomes?

Clearly, potential "traps" of one kind or another exist in all Member States. Does this mean that social benefit levels should be cut in order to improve financial incentives to work? Or rather, is there any scope for reducing financial disincentives to work through cuts in benefit levels?

To answer this important question, the mechanics of tax-benefit systems are examined relative to the at-risk-of-poverty threshold, providing an additional perspective on the adequacy of social transfers and the payoffs from employment. Figure 3.2 compares net incomes of jobless households relying exclusively on social assistance benefits (and housing benefits) with the at-risk-of-poverty threshold defined at 60% of the median equivalised household income, as measured on the basis of household surveys (see Chapter I and Annex I).

Figure 3.2 Net income of social assistance recipients – 2003

As a % of the at-risk of poverty threshold for three jobless family types, including housing benefits.



Only countries where non-categorical social assistance benefits are in place are considered.

Source: Joint EC-OECD project using OECD tax-benefit models, and Eurostat (see Chapter I and Annex I).

Countries differ substantially in terms of the minimum safety nets they provide to workless households[25], even when comparing them relative to a measure – the at-risk-of-poverty threshold - that depends on the living standards within each country and varies itself considerably between Member States. Only a few countries provide workless households with a minimum income and related (i.e. housing) benefits that are sufficient to lift them close to or above the 60% of median income threshold, and this only with respect to some family types. So, for example, lone parents can receive benefit income at or above the poverty threshold level only in Poland, the United Kingdom, Germany, Denmark and the Netherlands; whereas in all countries but Poland, couples with two children relying on social assistance benefits would have disposable income levels below 60% of the median. In Hungary and Spain, all three family types are likely to experience deep poverty with out-of-work incomes below 40% of median income.

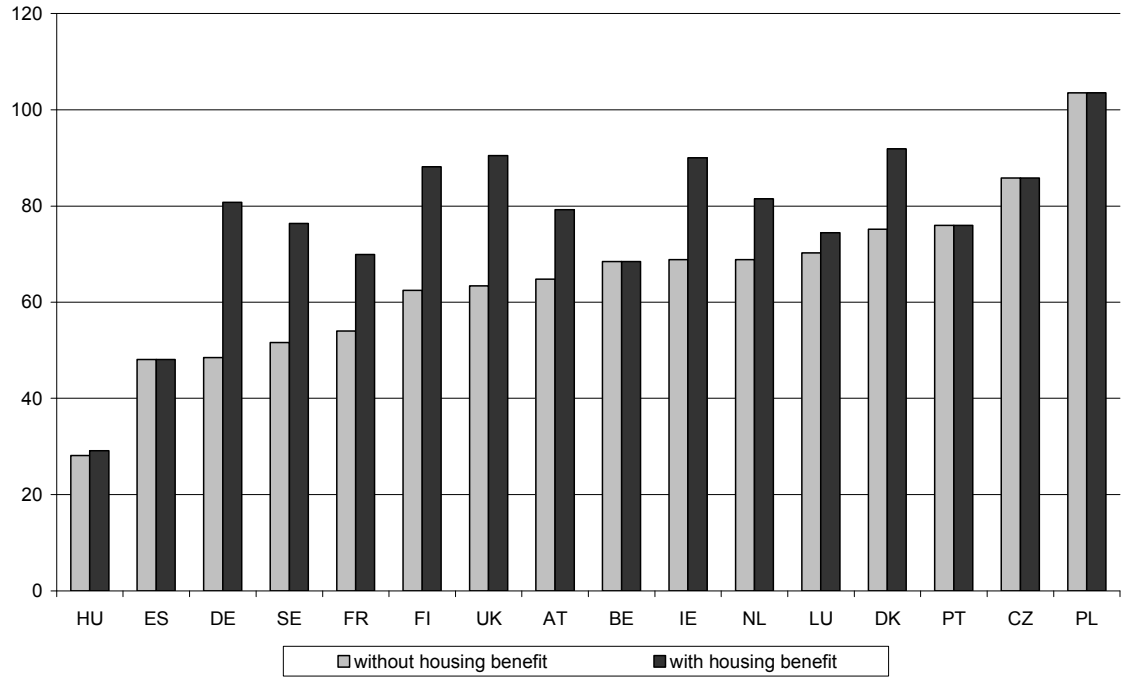
As specified in Box 3.1, the calculation of housing benefits relies on rather strong assumptions, which may be particularly unrealistic in some countries. For example, in Germany, housing benefits depend on the joint assessment of household characteristics and type of accommodation rented: the assumption of a uniform rent equal to 20% of APW irrespective of the size of the household therefore looks improbable. Figure 3.3 compares net

[25] This indicator reflects assumptions that households rely on social assistance benefits for the entire year, and that no other income stream (from other social protection benefits such as unemployment insurance or disability or from work) is available.

incomes of social assistance recipients relative to the poverty threshold, including and excluding housing benefits. It refers to a married couple with two children. It shows that, if housing benefits are excluded, net incomes of social assistance recipients in Germany, Sweden, Finland and the United Kingdom are much lower than if they are included.

Figure 3.3 Net income of social assistance recipients – 2003

as a % of the at-risk of poverty threshold for a jobless married couple with two children, excluding and including housing benefit.



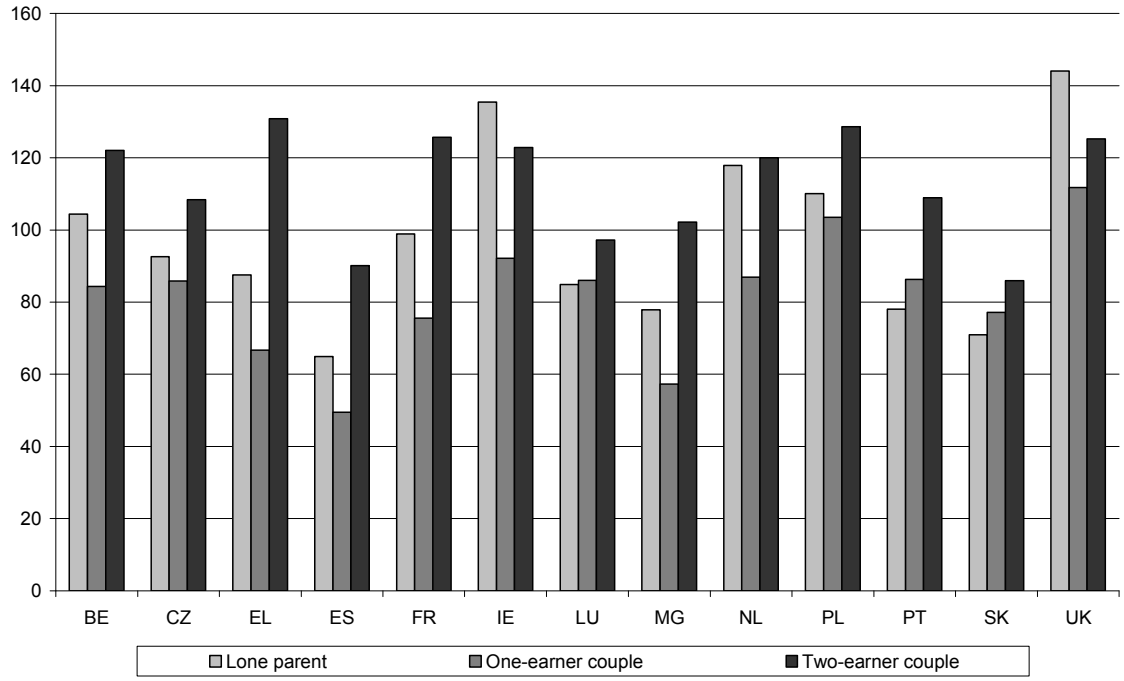
Only countries where non-categorical social assistance benefits are in place are considered. Countries are ranked by net income of social assistance as a % of the poverty risk threshold without housing benefits.

Source: Joint EC-OECD project using OECD tax-benefit models, and Eurostat (see Chapter I and Annex I).

On the other hand, even employment is not always sufficient to lift families out of poverty risk if it pays a low wage. In all countries except Poland and the United Kingdom, the net income of a one-earner family with two children remains below the 60% threshold if the only worker holds a full-time job paying the minimum wage (Figure 3.4). Lone parents holding a minimum wage job are in a better position in most countries but in this case childcare costs may greatly reduce the pay-off from employment, as was shown in section 3.2. These results underscore the role of other measures – such as the provision of adequate childcare services that help ensure the participation of parents in the labour market – in minimising the poverty risk of workers with low wage potential. They also highlight that, in married couples with children, employment of both parents is essential to avoid poverty risk – even if in some cases (Spain, Luxembourg and the Slovak Republic) even two minimum wages are not sufficient to lift household members out of poverty risk.

Figure 3.4 Net income of minimum wage earners[1] – 2003

as a % of the at-risk of poverty threshold for three family types with two children



1) Only countries where statutory minimum wages are in place are considered. In the two-earner case, both parents earn the statutory minimum wage. Household income is current cash income after tax and including child benefits, social assistance benefits and housing benefits where applicable.

Source: Joint EC-OECD project using OECD tax-benefit models. For minimum wage rates: Eurostat and national submissions.

These results are partly consistent with the findings derived from the observation of the incidence of poverty risk by the work intensity of households, on the basis of micro-data (see Chapter I and Annex I). People living in jobless households are clearly at a very high risk of poverty: on average in the EU-15 (for which data are available), the poverty risk rate for people in such households was as high as 68% where there were dependent children. At the other extreme, only 7% of individuals living in households where all working-age adults are working a full year are at poverty risk. People living in intermediate levels of work intensity face intermediate risks of poverty.

3.4. Context information

The results presented in this chapter refer to a limited range of standard household types and earnings situations and assume full benefit coverage. But structures of household populations and patterns of benefit receipt vary substantially across countries. It is therefore important to provide contextual information that can help in the interpretation of results across countries. Two recent OECD reports[26] prepared in the context of the joint EC-OECD project try to shed light on this issue. Much of the evidence discussed in this section draws from these sources.

3.4.1. Benefit recipients

In the calculations, those becoming unemployed are assumed to be entitled to and in receipt of unemployment benefits which, in most countries, requires participation in certain job-search activities and may depend on whether job losses qualify as involuntary. Where means-tested benefits are included in the calculations, it is assumed that people do not have any assets that would make them ineligible and that they receive all the benefits to which they are entitled (i.e. there is full benefit take-up). Clearly, coverage of the benefit system and the way it is operated are two crucial factors that are not captured by the trap indicators. For example, the imposition of sanctions can substantially modify the impact of unemployment traps in a way that indicators cannot reflect. Eligibility conditions, the duration of benefits, and their coordination with active labour market policies (in particular, as specified in Integrated Guideline No 19, job search assistance, guidance and training as part of personalised action plans, and early identification of needs), are very important features of the design of social protection benefits that need to be taken into account when interpreting the indicators.

The coverage of unemployment and other benefits varies enormously between countries, reflecting different eligibility rules and the extent to which eligible individuals apply for benefits and administrative agencies grant access to them. Unfortunately, information about the number and characteristics of beneficiaries of social protection benefits is not easily available on a cross-country comparable basis. Administrative records provide little or no information on the characteristics of benefit recipients and their households and are often not comparable across countries. On the other hand, survey information can suffer from under-reporting or misclassifications. Evidence about the level of take-up of welfare benefits is even more limited, as few government agencies regularly compile and publish data about how many eligible people take up welfare benefits.

2004 data from Labour Force Surveys show that the coverage rates, i.e. the share of those reporting themselves to be unemployed and to be receiving unemployment benefits, range from less than 5% in Italy to over 70% in Belgium and Germany (Figure 3.5).

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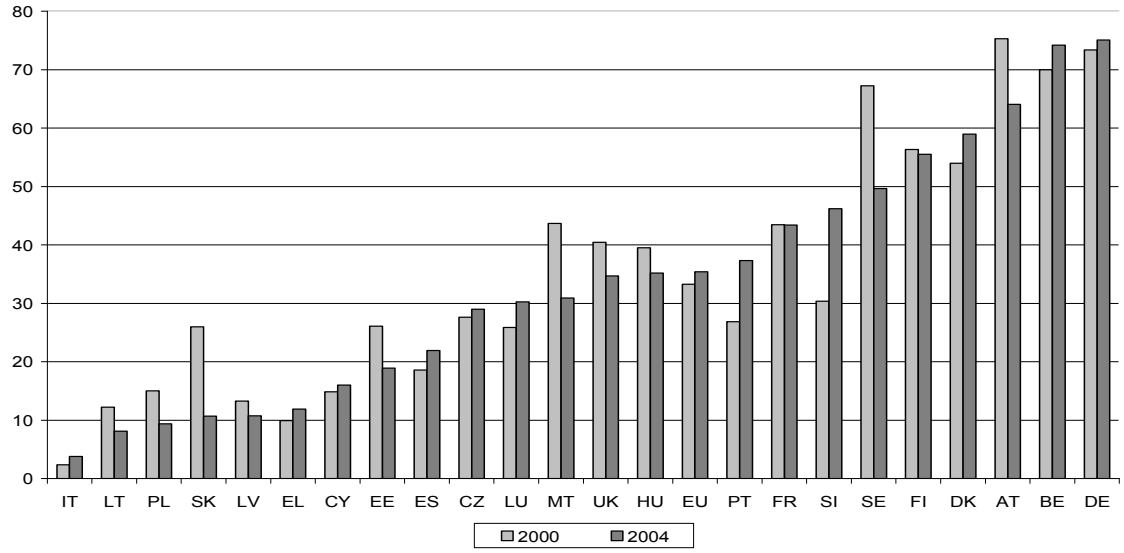
[26] Immervoll, H., Marianna, P. and Mira D'Ercole, M. (2004) "*Benefit coverage rates and Household Typologies: Scope and Limitations of Tax-Benefit Indicators*", OECD Social, Employment and Migration Working paper No 20, Paris, and Immervoll, H., Marianna, P. and Hernanz, V., Malherbert, F., Pellizzari, M. (2004) "Take-up of Welfare Benefits in OECD Countries: A Review of the Evidence", OECD Social, Employment and Migration Working paper No 17, Paris.

Figure 3.5 Share of ILO unemployed people who report receiving unemployment benefits or assistance[1], 2000 and 2004



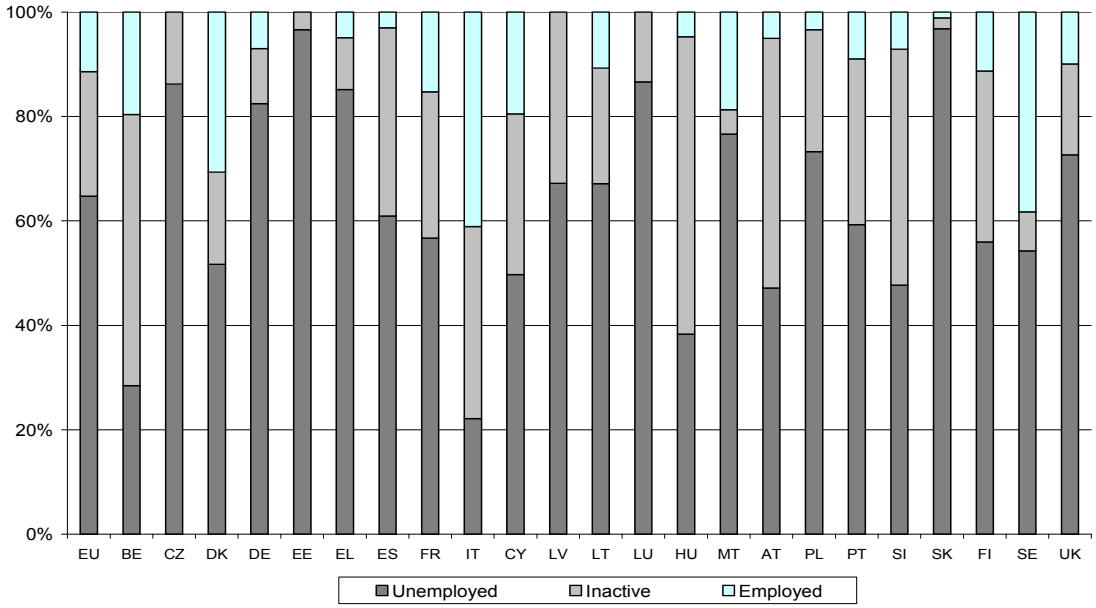
1) Countries differ in the exact wording of their questions relating to receipt of unemployment benefits or assistance. Such differences limit data comparability across countries.

Source: EU-LFS

The pattern of benefit receipt also varies significantly by age and gender. Because of their shorter (or non-existent) employment history, young people (aged 15-25 years of age) and women frequently do not have access to unemployment benefits and, when they do, the average amount of benefit paid to them tends to be lower. On average in the EU, only about 20% of the young unemployed were receiving unemployment benefit in 2004, as opposed to 40% of those aged 25 years and above. Benefit receipt is relatively high among prime-age individuals. The selection of an unemployed person who is assumed to be aged 40 and has been working without breaks from the age of 18 therefore introduces a generosity bias in the calculations of the unemployment trap.

Furthermore, many individuals who receive unemployment benefits are not classified as unemployed in labour force surveys, but as inactive or employed (Figure 3.6). In some countries such as Belgium and Hungary, the proportion of unemployment benefit recipients who are classified as inactive is more than half the total number of recipients.

Figure 3.6 Share of persons receiving unemployment benefits or assistance[1] by labour force status, 2004



1) Countries differ in the exact wording of their questions relating to receipt of unemployment benefits or assistance. Such differences limit data comparability across countries.

Source: EU-LFS

As for the other type of benefits included in the calculations, household income survey-based evidence reviewed by Immervoll *et al* (2004)[27] reveals that on average in the countries where recent data are available, around 10% of non-elderly households report having received social assistance and housing benefits where they exist. Furthermore, large proportions of non-elderly households supported by unemployment-related benefits also receive some other types of social protection benefits at the same time. Unemployment benefits are most often combined with housing, sickness and, to a lesser extent, social assistance benefits.[28]

3.4.2. Representativeness of the household types

All indicators are computed for a particular set of individuals and families whose characteristics, including age, previous employment record and housing costs, have been chosen to illustrate the most relevant mechanisms built into the tax and benefit systems rather than being representative of the underlying population. The particular circumstances of individuals and households can be chosen to illustrate policy-relevant situations, such as lone parenthood or low wage potential. Furthermore, calculations based on household types that do not change over time provide a stable point of reference and are therefore an essential prerequisite for identifying tax-benefit reform priorities (Immervoll *et al*. 2004). However, "stylised household" calculations cannot be used to address essential distributional issues such as how

27 *Op cit*, footnote 26.

28 This analysis of multiple benefit recipiency among households supported by unemployment benefits excludes "non work-related benefits" that are available on a quasi-universal basis (e.g. family benefits)

many individuals are faced with particular tax-benefit situations or what fraction of a population is likely to gain or lose from a specific policy reform, nor are they useful in measuring the budgetary cost of particular tax-benefit reforms.

It is useful to at least assess the degree of representativeness of the household types in the calculations of tax-benefit indicators, which are: single persons, lone parents, married couples without children and married couples with two children. These family types cover a large share of the population in all the countries. In EU countries, on average, something close to 50% of non-elderly households are either single or two-adult households, with or without children (Table 3.5). However, there are significant differences across countries in the relative numbers of each household type considered. Much the same can be said about the assumptions concerning earnings levels and hours of work.

Table 3.5 The structure of private households by type, 2004

	Single adults, no children	- Under 65	- 65 years and over	Single parents	Two adults below 65	Two adults at least one aged 65+, no children	Two adults, 1 child	Two adults, 2 children	Two adults, 3 or more children	Three or more adults
EU	28	16	12	4	16	13	9	10	3	16
BE	27	19	9	6	18	12	9	11	5	11
CZ	25	13	12	5	17	12	10	13	3	16
DK	33	27	6	4	24	11	8	10	3	7
DE	36	22	14	4	18	14	8	8	3	10
EE	25	18	7	6	15	11	11	11	3	17
EL	25	13	11	2	14	15	10	13	3	20
ES	16	7	8	2	13	14	12	13	3	29
FR	31	19	12	5	18	13	10	10	5	8
IE	:	:	:	:	:	:	:	:	:	:
IT	25	11	14	2	11	14	11	11	3	23
CY	15	8	7	2	15	14	10	13	8	24
LV	22	12	9	5	12	12	11	9	3	27
LT	24	11	13	5	10	11	11	11	3	25
LU	20	11	9	3	16	13	12	16	7	13
HU	25	12	14	4	15	12	10	11	4	19
MT	14	5	9	1	10	11	11	16	5	30
NL	32	21	12	3	22	11	7	10	4	12
AT	34	21	13	3	16	10	9	8	3	16
PL	19	9	9	4	12	11	12	12	5	26
PT	17	7	10	2	12	15	15	11	2	26
SI	23	11	13	3	13	13	10	10	2	25
SK	19	8	11	3	11	10	10	13	5	29
FI	34	26	8	2	20	13	7	7	4	14
SE	:	:	:	:	:	:	:	:	:	:
UK	31	18	13	7	19	12	7	9	4	12

Source: EU-LFS

Given the large number of individual and household characteristics that influence tax and benefit liabilities and entitlements, indicators of the type presented in this analysis are sensitive to the choice of particular circumstances. While a range of standard

household types does provide a good overall picture of many features of tax-benefit policies, particular family types may be subject to other, and possibly significantly different, tax-benefit rules. In order to be able to analyse these, it would be important not to concentrate on a limited number of household types and to allow for a different treatment of each country's particular situation.

3.4.3. Other driving forces affecting labour supply decisions of household members: long-term financial incentives and non-financial factors

All calculations relate to current income and therefore do not take into account any longer-term effects of today's labour market status on future earnings, pension entitlements, re-qualification for unemployment insurance benefits, etc. This results in a rather short-sighted view of the financial incentives potentially affecting the labour supply decisions of individuals. To the extent that individuals are aware of the future income implications of today's work and take them into account when considering their labour market status, it would clearly be desirable to allow for them when considering work incentives. For example, by considering the implications of out-of-work spells on future pension entitlements, a life-course perspective of the trap indicators could analyse additional aspects of the financial consequences resulting from different employment patterns. Due to the difficulties inherent in implementing this life-course approach, such an extension of the model is not (yet) foreseen. However, for groups with low wage potential who frequently face liquidity constraints and who may only be entitled to a minimum pension, current incomes may, in any case, often be the most immediate concern.

In general, financial incentives as measured by the trap indicators examined in this chapter constitute only one element in the labour supply decisions of individuals. Other important factors are at play in determining work attractiveness, such as the quality of work, the extent to which work and family life can be reconciled and access to quality childcare services. All these factors have to be considered in order to design a coherent and comprehensive policy package to make work pay.

ANNEX I METHODOLOGICAL NOTES AND STATISTICAL TABLES

ANNEX I.A. THE COMMONLY AGREED INDICATORS OF POVERTY AND SOCIAL EXCLUSION

Background

In December 2001, the Laeken European Council endorsed a set of 18 indicators of social exclusion and poverty, organised in a two-level structure of primary indicators – consisting of 10 leading indicators covering the broad fields considered to be the most important elements leading to social exclusion – and 8 secondary indicators – intended to support the leading indicators and describe other dimensions of the problem.

After the Laeken European Council, the Indicators Sub-Group has continued working with a view to refining and consolidating the original list of indicators. It highlighted the need to give children a special focus and, to this purpose, to have a standard breakdown by age of all the Laeken indicators, whenever relevant and meaningful (and conditional upon statistical reliability); it added two new indicators, in-work poverty and reading literacy under-performance of 15-year old pupils, and one new breakdown for the at-risk of poverty rate by work intensity of the household. The ISG also agreed on a set of mandatory guidelines for monitoring the social inclusion situation of immigrants: it adopted a new indicator of employment gap of immigrants, whereby immigrants are defined on the basis of their "country of birth" (leaving up to each Country to decide whether to include nationals born abroad or not, as appropriate); and stipulated that this indicator needs to be supplemented by relevant available national data covering other key aspects of the social inclusion of immigrants (e.g. in the form of breakdowns of other inclusion indicators by migrant/non migrant).

The revised list of commonly agreed indicators of social exclusion and poverty, together with their definition and an indication of where a breakdown by age and gender is recommended, is included in the table below.

The primary indicators of social exclusion and poverty

	Indicator	Definition	Age break-down	Gender break-down	Data source
1	At-risk-of poverty rate	Share of persons with an equivalised disposable income below 60% of the national equivalised median income. Equivalised median income is defined as the household's total disposable income divided by its "equivalent size", to take account of the size and composition of the household, and is attributed to each household member.	Yes. Age groups: 0-15; 16+; 16-24; 25-49; 50-64; 65+	Yes (applying to people aged 16 years and over).	EU SILC/ Transitional national data sources
1a	Poverty risk by household type	Poverty risk for the total population in the following household types: Households with no dependent children: - Single person, under 65 years old - Single person, 65 years and over - Single women - Single men - Two adults, at least one person 65 years and over - Two adults, both under 65 years - Other households Households with dependent children: - Single parent, 1 or more dependent children - Two adults, one dependent child - Two adults, two dependent children - Two adults, three or more dependent children - Three or more adults with dependent children Dependent children are individuals aged 0 – 15 years and 16 – 24 years if inactive and living with at least one parent.	Already specified in the typology of households.	Already specified in the typology of households.	EU SILC/ Transitional national data sources
1b	Poverty risk by the work intensity of households	Poverty risk for the total population in different work intensity categories and broad household types. The work intensity of the household refers to the number of months that all working age household members have been working during the income reference year as a proportion of the total number of months that could theoretically be worked within the household. Individuals are classified into work intensity categories that range from WI=0 (jobless household) to WI=1 (full work intensity).	No	No	EU SILC/ Transitional national data sources
1c	Poverty risk by most frequent activity status	Poverty risk for the adult population (aged 16 years and over) in the following most frequent activity status groups: employment (broken down by wage and salary employment and self-employment); unemployment; retirement; other inactivity. The most frequent activity status is defined as the status that individuals declare to have occupied for more than half the number of months in the calendar year.	Yes	Yes	EU SILC/ Transitional national data sources

	Indicator	Definition	Age break-down	Gender break-down	Data source
1d	Poverty risk by accommodation tenure status	Poverty risk for the total population in the following accommodation tenure categories: - Owner-occupied or rent free - Rented	Yes	Yes (applying to people aged 16 years and over).	EU SILC/ Transitional national data sources
2	At-risk-of-poverty threshold (illustrative values)	The value of the at-risk-of-poverty threshold (60% median national equivalised income) in PPS, Euro and national currency for two illustrative household types: - Single person household - Household with 2 adults, two children	No	No	EU SILC/ Transitional national data sources
3	Income quintile ratio (S80/S20)	Ratio of total income received by the 20% of the country's population with the highest income (top quintile) to that received by the 20% of the country's population with the lowest income (lowest quintile). Income must be understood as equivalised disposable income.	No	No	EU SILC/ Transitional national data sources
4	Persistent at-risk-of poverty rate	Share of persons with an equivalised disposable income below the at-risk-of-poverty threshold in the current year and in at least two of the preceding three years.	Yes	Yes (applying to people aged 16 years and over).	EU SILC/ Transitional national data sources
5	Relative median poverty risk gap	Difference between the median equivalised income of persons below the at-risk-of poverty threshold and the threshold itself, expressed as a percentage of the at-risk-of poverty threshold.	Yes	Yes (applying to people aged 16 years and over).	EU SILC/ Transitional national data sources
6	Regional cohesion	Coefficient of variation of employment rates at NUTS (Nomenclature of Territorial Units for Statistics) level 2. Employment rates are calculated as the share of the population (aged 15 years or more) who are in employment (ILO definition).	No	Yes	EU LFS
7	Long term unemployment rate	Total long-term unemployed population (≥12 months; ILO definition) as a proportion of total active population aged 15 years or more.	Yes	Yes	EU LFS
8a	Population living in jobless households: children	Proportion of children (aged 0-17 years) living in jobless households, expressed as a share of all children.	No	No	EU LFS
8b	Population living in jobless households: prime-age adults	Proportion of all people aged 18-59 years who live in a jobless household as a proportion of all people in the same age group. Students aged 18-24 years who live in households composed solely of students are not counted in neither numerator nor denominator.	No	Yes	EU LFS

	Indicator	Definition	Age break-down	Gender break-down	Data source
9	Early school leavers not in education or training	Share of persons aged 18 to 24 who have only lower secondary education (their highest level of education or training attained is 0, 1 or 2 according to the 1997 International Standard Classification of Education – ISCED 97) and have not received education or training in the four weeks preceding the survey.	No	Yes	EU LFS
10	Low reading literacy performance of pupils	Share of 15 years old pupils who are at level 1 or below of the PISA combined reading literacy scale	No	Yes	PISA Survey OECD
11	Life expectancy	Number of years a person aged 0, 1 and 60 may be expected to live.	No	Yes	Eurostat demographic stat.
12	Employ-ment gap of immigrants	Employment gap of immigrants - i.e. "born abroad" (it is up to each Country to decide whether to include nationals born abroad or not, as appropriate) This indicator needs to be supplemented by relevant national data covering other key aspects of inclusion of immigrants.	Possibly	Yes	EU-LFS

The Secondary Indicators of social exclusion and poverty

	Indicator	Definition	Age breakdown	Gender breakdown	Data source
13	Dispersion around the at-risk-of-poverty threshold	Share of persons with an equivalised disposable income below 40%, 50% and 70% of the national equivalised median income.	Yes	Yes (applying to people aged 16 years and over).	EU SILC/ Transitional national data sources
14	At-risk-of-poverty rate anchored at a moment in time	In year *t*, share of persons with an equivalised disposable income below the at-risk-of-poverty threshold in year *t-3*, uprated by inflation over the three years.	Yes	Yes (applying to people aged 16 years and over).	EU SILC/ Transitional national data sources
15	At-risk-of-poverty rate before social cash transfers	Relative at-risk-of-poverty rate where equivalised income is calculated as follows: - excluding all social cash transfers - including retirement and survivors pensions and excluding all other social cash transfers. - including all social cash transfers (= indicator 1) The same at-risk-of-poverty threshold is used for the three statistics, and is set at 60% of the national median equivalised disposable income (after social cash transfers).	Yes	Yes (applying to people aged 16 years and over).	EU SILC/ Transitional national data sources
16	Gini coefficient	Summary measure of the cumulative share of equivalised income accounted for by the cumulative percentages of the number of individuals. Its value ranges from 0% (complete equality) to 100% (complete inequality).	No	No	EU SILC/ Transitional national data sources
17	Persistent at-risk-of-poverty rate (50% of median equivalised income)	Share of persons with an equivalised disposable income below 50% of the national median equivalised income in the current year and in at least two of the preceding three years.	Yes	Yes (applying to people aged 16 years and over).	EU SILC/ Transitional national data sources
18	In-work poverty risk	Individuals who are classified as employed (distinguishing between wage and salary employment and self-employment) according to the definition of most frequent activity status (indicator 1a) and who are at risk of poverty. This indicator needs to be analysed according to personal, job and household characteristics.	Yes	Yes (applying to people aged 16 years and over).	EU SILC/ Transitional national data sources

	Indicator	Definition	Age breakdown	Gender breakdown	Data source
19	Long-term unemployment share	Total long-term unemployed population (≥12 months; ILO definition) as a proportion of the total unemployed population aged 15 years and over.	Yes	Yes	EU LFS
20	Very long term unemployment rate	Total very long-term unemployed population (≥24 months; ILO definition) as a proportion of total active population aged 15 years and over.	Yes	Yes	EU LFS
21	Persons with low educational attainment	Share of the adult population (aged 25 years and over) whose highest level of education or training is ISCED 0, 1 or 2.	Yes. Age groups: 25-34; 35-44; 45-54; 55-64; 25-64; 65 years and over.	Yes	EU LFS

ANNEX I.B INDICATORS OF INCOME AND LIVING CONDITIONS: DATA SOURCES

EU-SILC

In order to improve cross-country comparability of the EU commonly-agreed indicators, the Laeken European Council agreed upon common definitions as well as common data sources for their calculation. This principle has also been applied, whenever possible, to indicators in the area of adequate and sustainable pensions.

The income-based indicators of poverty and social exclusion as well as pensions were originally specified to be calculated on the basis of the European Community Household Panel survey (ECHP). This pioneering survey was developed in collaboration with Member States and was implemented on a gentleman's agreement basis with effect from 1994; it was discontinued in 2001. The reference source of statistics on income and social exclusion is now data collected under the European Survey on Income and Living Conditions (EU-SILC) framework regulation (no.1177/2003). Technical aspects of this instrument are developed through Commission implementing regulations, which are published in the Official Journal.

The EU-SILC project was launched in 2003 in six Member States (Belgium, Denmark, Greece, Ireland, Luxembourg and Austria). With effect from the 2005 exercise there will be complete coverage of the EU and some neighbouring countries. Validated cross-sectional microdata covering all EU countries are thus expected to be available in late 2006.

Compared to the ECHP income definition, the EU-SILC total household gross and disposable income and the different income components were redefined to follow as closely as possible the international recommendations of the UN 'Canberra Manual'. A key objective of EU-SILC is to deliver timely, robust and comparable data on total disposable household income, total disposable household income before transfers, total gross income and gross income at component level (in the ECHP, the income components were recorded net). This objective will be reached in two steps, insofar as Member States will be allowed to postpone the delivery of gross income at component level and of total household gross income data until after the first year of their operations.

Although certain countries (eg. Denmark) are already able to supply income including imputed rent - i.e. the money that one saves on full (market) rent by living in one's own accommodation or in accommodation rented at a price that is lower than the market rent -, for reasons of comparability, the income definition underlying the calculation of indicators currently excludes imputed rent. This could have a distorting effect in comparisons between countries, or between population sub-groups, when accommodation tenure status varies. This impact may be particularly apparent for the elderly who may have been able to accumulate wealth in the form of housing assets. In the tables of Annex III, data for Denmark are shown both with and without imputed rent, so as to provide an illustration of the impact of this income component on the results. Once imputed rent is taken into account, the at-risk-of-poverty rate is reduced for people aged 65 years or more, the inactive other than pensioners and those living in owner-occupied accommodation.

Data sources used during the transition to EU-SILC

During the transition to EU-SILC, Eurostat is coordinating data collection on the basis of national sources for those countries that have not yet launched EU-SILC. These national sources have been harmonised as far as possible with the EU-SILC methodology. Whilst

every effort is made to maximise consistency of definitions and concepts, the resulting indicators cannot be considered to be fully comparable. For additional information, see the Eurostat working paper KS-CC-05-006-EN-N "Continuity of indicators during the transition between ECHP and EU-SILC".

The table below presents the different sources used for the calculation of income-based indicators of poverty and social exclusion used in this report and shown in the tables of Annex III.

Country	Source	Country	Source
BE	EU-SILC 2004	LU	EU-SILC 2004
CZ[1]	Microcensus 2003	HU	Household Budget Survey 2003
DK	EU-SILC 2004	MT[2]	Household budget survey 2003
DE	German Socio-Economic Panel (GSOEP) 2004	NL	Income Panel Survey 2003
EE	Household Budget Survey 2003	AT	EU-SILC 2004
EL	EU-SILC 2004	PL	Household Budget Survey 2003
ES	EU-SILC 2004	PT	EU-SILC 2004
FR	EU-SILC 2004	SI	Household Budget Survey 2003
IE	EU-SILC 2004	SK	Extrapolations based on Microcensus 2003
IT	EU-SILC 2004	FI	EU-SILC 2004
CY	Family expenditure survey 2003	SE	EU-SILC 2004
LV	Household Budget Survey 2003	UK	Family resources survey 2003
LT	Household Budget Survey 2003		

1) Data for the Czech Republic refer to income year 2002.
2) The latest available data for Malta, referring to income year 2000, are shown in the statistical annex but they are not analysed in Chapter I of the Technical Annex.

The reference year for the data is the year to which information on income refers (i.e., the "income year"), which in most cases differs from the survey year in which the data have been collected. Namely, 2003 data refer to the income situation of the population in 2003, even if the information has been collected in 2004. EU aggregates are computed as population-weighted averages of available national values.

Limitations

The limited sample size of certain data sources used for the collection of income data and the fact that data on disposable income are based on information provided by respondents, rather than from administrative registers or other sources, raises some concerns of data quality. This is particularly the case for information on income at the two ends of the income distribution.

Furthermore, household surveys do not cover persons living in collective households, homeless persons or other difficult-to-reach groups.

It must also be acknowledged that self-employment income is difficult to collect, whatever the data source. And last but not least, it must be kept in mind that the difficulty to capture income from the informal economy can introduce a bias in the income distribution as measured by surveys.

Finally, whilst it is considered to be the best basis for such analyses, income is acknowledged to be an imperfect measure of consumption capabilities and welfare as amongst other things it does not reflect access to credit, access to accumulated savings or ability to liquidate accumulated assets, informal community support arrangements, aspects of non monetary deprivation, differential pricing and other aspects. These factors may be of particular relevance for persons at the lower end of the income distribution. The bottom 10 per cent of the income distribution should not, therefore, necessarily be interpreted as having the bottom 10 per cent of living standards. This is why reference is made to the "at-risk-of-poverty" rate rather than simply the poverty rate.

ANNEX IC. STATISTICAL TABLES

Table 1. Economic context

	EU	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Growth rate of GDP at constant prices (2000) - percentage change over previous year																										
2004	2.4	2.6	4.7	1.9	1.6	7.8	4.7	3.1	2.3	4.5	1.1	3.9	8.5	7	4.5	4.6	-1.5	1.7	2.4	5.3	1.1	4.2	5.5	3.6	3.7	3.1
2005	1.6	1.4	6	3.4	0.9	8.4	3.7	3.4	1.5	4.4	0	3.8	10.2	7.5	4.2	4.1	2.5	0.9	1.7	3.2	0.3	3.9	6	2.1	2.7	1.8
2006 f	2.1	2.1	4.4	2.3	1.2	7.2	3.4	3.2	1.8	4.8	1.5	4	7.7	6.2	4.4	3.9	0.7	2	1.9	4.3	0.8	4	5.5	3.5	3	2.3
GDP per capita in Purchasing Power Standards (PPS), (EU-25 = 100)																										
1995	100	120.4	68.3	122.9	119.4	33.3	70.3	86.8	113.5	97.8	116.4	80.8	29.3	33.5	174.2	48.6	:	117.2	125.9	40.4	75.1	67.7	43.7	104.1	116.5	107.7
2000	100	116.9	63.8	126.4	112.1	41.1	73.0	92.5	113.8	126.3	113.5	81.0	35.4	38.2	215.5	53.0	78.0	119.8	126.0	46.9	80.6	73.0	47.2	113.2	119.2	112.7
2004	100	118.4	70.3	121.8	108.7	51.2	82.0	97.6	109.3	137.1	105.8	82.8	42.8	47.8	226.2	60.1	69.2	124.4	122.7	48.8	72.4	79.1	51.9	112.3	117.4	116.2
2005 f	100	118.1	73.3	123.9	108.2	54.9	83.7	98.0	109.0	138.1	103.7	83.8	46.8	51.0	230.8	61.9	69.5	123.6	122.2	49.8	71.2	80.9	54.2	112.7	118.5	116.0
2006 f	100	118.1	75.0	124.3	107.5	58.0	84.7	97.9	108.3	139.5	103.1	84.6	49.6	53.2	235.0	63.3	68.4	123.4	121.6	51.0	70.0	82.6	56.1	114.2	119.3	115.9
General government debt - General government consolidated gross debt as a percentage of GDP																										
2000	62.9	109.1	18.2	52.3	60.2	4.7	114	61.1	56.8	38.3	111.2	61.6	12.9	23.8	5.5	55.4	56.4	55.9	67	36.8	53.3	27.4	49.9	44.6	52.8	42
2002	61.4	105.4	29.8	47.6	61.2	5.8	111.6	53.2	58.8	32.4	108.3	65.2	14.2	22.4	6.8	55.5	63.2	51.3	66.7	41.2	56.1	29.8	43.7	42.3	52.4	38.2
2003	63	100	36.8	45	64.8	6	108.8	49.4	63.2	31.5	106.8	69.8	14.6	21.4	6.7	57.4	72.8	52.6	65.1	45.3	57.7	29.4	43.1	45.2	52	39.7
2004	63.4	95.7	36.8	43.2	66.4	5.5	109.3	46.9	65.1	29.8	106.5	72	14.7	19.6	6.6	57.4	75.9	53.1	64.3	43.6	59.4	29.8	42.5	45.1	51.1	41.5
Employment growth - Annual percentage change in employed population																										
Total																										
2002	0.5	-0.2	0.8	-0.2	-0.6	1.3	0.1	2.4	0.7	1.8	1.8	2	2.3	4	3	0	-0.7	0.5	-0.1	-1.9	0.5	1.6	-0.5	0.9	0.1	0.8
2003	0.3	-0.1	1.8	-1.2	-1	1.5	1.6	2.6	-0.1	2	1.2	1.1	1	2.3	1.8	1.3	-0.7	-0.6	0.1	-1.2	-0.4	-0.2	1.8	0	-0.3	1
2004	0.6	0.6	0.1	0	0.4	0	4.1	2.6	0	3.1	0.9	1.5	1.1	-0.1	2.6	-0.7	1.4	-1.4	0	-0.3	0.1	0.4	-0.3	0.3	-0.5	1
Women																										
2002	1.2	0.8	0.3	-0.1	0.5	1.4	1.2	3.9	1.7	3.3	2.5	4.1	1.2	1.6	5.8	0.2	4.5	1.5	1.8	-1.3	0.8	1.7	-1.4	2.2	0.5	1.2
2003	0.7	1.2	1.6	-2	-0.3	1.3	2.5	4.6	0.4	2.7	1.7	2.1	0.5	1.9	10.5	2.1	-0.7	0.3	-0.2	-1.2	0.4	-0.8	1.8	-0.2	-0.3	0.9
2004	1.1	0.7	0.1	0.8	0.6	1.3	5.1	4.6	0.5	3.3	4.3	-0.6	1.3	-1.3	1.6	-0.8	-0.9	-1	0.3	-0.8	0.3	0.8	-1.7	0.2	-0.7	1.2
Men																										
2002	0.0	-0.8	1.1	-0.3	-1.4	1.1	-0.5	1.5	-0.1	0.7	1.4	0.5	3.3	6.5	1.4	-0.1	-2.8	-0.3	-1.7	-2.3	0.2	1.4	0.2	-0.2	-0.2	0.4
2003	0.0	-1	1.9	-0.5	-1.4	1.7	1.1	1.4	-0.5	1.5	0.8	-0.1	1.6	2.6	-3.6	0.6	-0.7	-1.3	0.4	-1.2	-1.1	0.3	1.8	0.2	-0.4	1
2004	0.1	0.5	0	-0.6	0.2	-1.4	3.5	1.4	-0.5	2.9	-1.2	3.5	1	1.1	3.2	-0.6	2.4	-1.7	-0.3	0.2	-0.1	0	0.8	0.4	-0.4	0.8

f = forecast r = revised value e = estimate

Source: Eurostat, Structural indicators database

Table 2. Demographic context

	EU	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Total population (in thousands)																										
1.1.2004	457189	10396	10212	5398	82532	1351	11041	42345	60200	4028	57888	730	2319	3446	452	10117	400	16258	8140	38191	10475	1996	5380	5220	8976	59700
1.1.2005	459488	10446	10221	5411	82501	1347	11076	43038	60561	4109	58462	749	2306	3425	455	10098	403	16306	8207	38174	10529	1998	5385	5237	9011	60035
Source : Eurostat - First demographic estimates.																										
Population growth rates (per 1000 population)																										
Average annual growth rate 1980-1990																										
Total increase	3.0	0.9	0.4	0.3	1.2	6.7	5.6	4.3	5.3	3.4	0.5	12.3	6.3	8.5	4.3	-3.1	9.3	5.7	1.3	7.4	2.9	5.5	6.5	4.3	2.7	2.1
Natural increase	2.6	1.1	0.7	-0.4	-1.0	3.9	3.5	4.7	4.8	9.8	0.9	10.9	2.9	6.2	1.1	-1.5	8.9	4.7	0.2	8.8	4.4	4.0	8.0	3.9	1.3	1.9
Net migration	0.3	-0.1	-0.2	0.7	2.2	2.8	2.1	-0.4	0.5	-6.4	-0.3	1.4	3.4	2.3	3.2	-1.6	0.4	1.0	1.1	-1.4	-1.5	1.4	-1.4	0.4	1.4	0.2
Average annual growth rate 1990-2000																										
Total increase	2.8	2.9	-0.8	3.8	3.9	-12.6	7.7	2.9	3.8	7.7	0.4	20.6	-10.7	-4.9	14.3	-1.5	7.9	6.5	4.7	1.6	2.0	-0.4	2.1	4.0	3.9	3.8
Natural increase	1.1	1.5	-1.2	1.4	-1.1	-3.3	0.3	0.9	4.1	6.3	-0.3	8.2	-4.4	0.5	4.5	-3.6	6.3	4.5	1.0	2.0	1.0	0.2	2.7	2.8	1.4	2.1
Net migration	1.7	1.4	0.4	2.4	4.9	-9.4	7.5	2.0	-0.2	1.4	0.7	12.4	-6.3	-5.4	9.9	2.1	1.6	2.0	3.6	-0.4	1.0	-0.6	-0.6	1.2	2.5	1.7
Average annual growth rate 2000-2004/5																										
Total increase	2.0	2.0	-0.6	1.5	0.4	-1.8	1.6	7.2	3.0	8.4	2.7	8.2	-3.2	-2.5	4.8	-1.2	5.7	2.7	2.5	-1.2	3.2	0.5	-0.3	1.3	1.7	2.1
Natural increase	0.3	0.5	-0.8	0.7	-0.7	-1.9	0.0	0.7	2.0	3.8	-0.2	2.1	-2.6	-1.3	1.9	-1.8	1.3	1.9	0.1	0.0	0.4	-0.3	0.0	0.7	0.1	0.7
Net migration	1.7	1.5	0.2	0.8	1.1	0.0	1.6	6.5	1.0	4.6	2.8	6.1	-0.6	-1.2	2.9	0.6	4.5	0.9	2.4	-1.2	2.8	0.8	-0.3	0.5	1.5	1.4
Total fertility rate*																										
1970	2.3	2.3	1.9	2.0	2.0	2.2	2.4	2.9	2.5	3.9	2.4	2.5	2.0	2.4	2.0	2.0	2.0	2.6	2.3	2.2	2.8	2.1	2.4	1.8	1.9	2.4
1980	1.9	1.7	2.1	1.6	1.6	2.0	2.2	2.2	2.0	3.3	1.6	2.5	1.9	2.0	1.5	1.9	2.0	1.6	1.7	2.3	2.2	2.1	2.3	1.6	1.7	1.9
1990	1.6	1.6	1.9	1.7	1.5	2.0	1.4	1.4	1.8	2.1	1.3	2.4	2.0	2.0	1.6	1.9	2.1	1.6	1.5	2.0	1.6	1.5	2.1	1.8	2.1	1.8
2000	1.5	1.7	1.1	1.8	1.4	1.3	1.3	1.2	1.9	1.9	1.2	1.6	1.2	1.4	1.8	1.3	1.7	1.7	1.4	1.3	1.6	1.3	1.3	1.7	1.5	1.6
2004	1.5	1.6	1.2	1.8	1.4	1.4	1.3	1.3	1.9	2.0	1.3	1.5	1.2	1.3	1.7	1.3	1.4	1.7	1.4	1.2	1.4	1.2	1.3	1.8	1.8	1.7

* The total fertility rate is the average number of children that would be born alive to a woman during her lifetime if current fertility rates were to continue.

Population structure by age (percentage of total)**, 2004**																										
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
0-14	16	17	15	19	15	16	15	15	19	21	14	20	15	18	19	16	18	19	16	17	16	15	18	18	18	18
15-24	13	12	14	11	12	15	13	13	13	16	11	16	15	15	12	13	15	12	12	17	13	14	17	13	12	13
25-49	37	36	37	36	37	35	37	40	35	37	38	36	35	36	39	36	35	37	38	36	37	38	38	34	34	35
50-64	18	18	20	20	19	18	17	16	17	15	19	16	18	16	17	19	19	18	18	17	17	18	17	20	20	18
65-79	13	13	11	11	14	13	15	13	12	9	14	9	13	12	11	12	10	10	11	11	13	12	9	12	12	12
80 and over	4	4	3	4	4	3	3	4	4	3	5	3	3	3	3	3	3	3	4	2	4	3	2	4	5	4

Source: Eurostat - Demographic statistics.

Table 2. Demographic context (cont.)

Average number of persons per household

2004	2.5	2.5	2.5	2.2	2.1	2.6	2.6	2.9	2.3	:	2.6	3.0	2.8	2.9	2.7	2.6	3.1	2.3	2.4	3.0	2.8	2.6	3.1	2.3	:	2.3
2005	2.5	2.4	2.5	2.2	2.1	2.5	2.5	2.9	2.4	:	2.5	3.0	2.7	2.9	2.7	2.6	3.1	2.3	2.3	3.0	2.8	2.7	3.1	2.3	:	2.3

Source : Eurostat - European Labour Force Survey, Spring results

Population living in private households by household type, 2005 (percentage of total population)

- Single adults, no children	14.6	12.5	10.3	14.9	17.2	9.7	9.9	5.8	13.1	7.6	11.4	5.1	7.8	8.5	7.7	9.7	4.2	14.1	14.9	0.0	5.9	9.1	5.5	15.7	:	13.5
of which:																									:	
- Single men	6.1	5.4	3.8	7.7	7.3	3.9	3.7	2.4	5.3	3.4	4.4	1.6	2.8	2.4	3.2	3.0	1.6	6.4	6.3	0.0	2.0	3.1	1.6	6.9	:	6.0
- Single women	8.5	7.1	6.5	7.2	9.8	5.8	6.1	3.4	7.8	4.2	7.1	3.5	4.9	6.2	4.5	6.7	2.6	7.8	8.6	0.0	4.0	6.0	3.9	8.9	:	7.5
- Under 65	8.8	7.7	5.3	12.0	10.6	6.7	5.4	2.7	7.8	4.1	5.2	2.8	4.5	3.6	4.3	4.4	1.6	9.3	9.6	0.0	2.4	4.2	2.3	12.0	:	7.9
- 65 and over	5.9	4.8	5.0	2.9	6.5	3.0	4.5	3.0	5.2	3.6	6.3	2.2	3.3	4.9	3.4	5.3	2.6	4.9	5.3	0.0	3.5	4.9	3.2	3.7	:	5.6
- Single parents	4.5	6.6	4.6	4.9	4.4	6.4	1.6	1.9	5.3	3.4	2.0	2.1	4.8	4.2	3.3	3.8	1.8	3.5	3.8	0.0	2.5	2.3	2.4	2.4	:	8.4
- 2 adults below 65, no children	14.4	14.1	13.6	21.7	16.9	11.5	10.3	9.2	14.7	11.4	9.1	10.3	9.6	6.8	12.1	11.5	7.1	18.6	13.8	0.0	8.4	8.9	7.3	17.8	:	16.7
- 2 adults, at least one aged 65+, no children	11.5	11.3	9.6	9.7	12.9	11.0	12.5	9.3	10.9	6.6	11.0	9.5	9.2	7.2	9.7	9.4	8.3	9.7	9.2	0.0	10.3	8.8	7.1	10.3	:	10.6
- 3 or more adults, no children	14.9	10.3	13.5	6.3	9.7	11.6	20.0	23.0	7.2	25.8	19.2	15.5	17.4	11.7	9.3	14.6	21.3	10.9	14.1	0.0	19.8	21.7	17.4	13.0	:	11.3
- 2 adults, 1 child	12.4	10.5	12.5	10.2	11.5	14.3	11.2	12.2	12.4	6.8	13.3	10.6	11.0	10.7	12.6	11.4	10.1	9.2	11.0	0.0	16.7	10.9	8.7	9.6	:	9.6
- 2 adults, 2 children	17.1	16.9	20.0	17.8	14.3	16.1	18.6	17.3	18.9	10.8	17.2	16.8	10.8	15.4	23.0	15.8	18.4	16.6	14.2	0.0	15.7	17.0	15.9	13.2	:	13.8
- 2 adults, 3 or more children	7.4	10.0	5.5	8.2	6.1	5.5	5.4	4.1	11.0	9.9	5.2	12.3	4.9	5.8	12.5	8.1	8.5	8.3	5.9	0.0	4.0	5.0	8.7	9.0	:	7.7
- 3 or more adults,	12.4	7.8	10.4	6.4	7.0	13.8	10.5	17.2	6.5	17.6	11.7	17.9	24.6	29.6	9.7	15.6	20.2	9.1	13.2	0.0	16.7	16.3	27.1	9.0	:	8.4

EU aggregates based on available country data

Source : Eurostat - European Labour Force Survey 2003, Spring results. Annual averages for DK and FI.

Table 3. Labour market context

		EU	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	SL	SK	FI	SE	UK
Activity rates (% of population aged 15-64)																											
1998																											
	Total	68	63.5	72	79.7	70.8	72.2	63.2	63	68.4	65.6	59	:	69.8	72.1	62.1	58.7	:	73	71	65.7	70.6b	68.2	69.3	72.3	76.2	75.4
	Male	77.4	72.8	80	83.8	79.2	79	77.6	77.3	75.2	78.2	73.6	:	76.4	78.2	75.9	66.6	:	82.6	80.3	72.8	79.3b	72.6	77.2	75.6	79	83.2
	Female	58.7	54	64	75.6	62.2	66.4	49	48.9	61.9	52.9	44.6	:	63.9	66.5	48.1	51.2	:	63.2	61.7	58.8	62.3b	63.6	61.7	69.1	73.5	67.4
2000																											
	Total	68.7	65.1	71.3	80	71.1	70.2	63.8	65.4	68.7	68.2	60.1	69.1	67.2	70.8	64.1	60.1	58	75.2	71	65.8	71.4	67.5	69.9	74.5	77.3	75.4b
	Male	77.4	73.7	79.1	84.2	78.9	75.6	77.4	78.8	75.2	79.9	74.1	81.4	72.7	74.5	76.3	67.9	80.5	84.1	80.1	71.7	79.2	71.9	76.8	77.2	79.8	82.8b
	Female	60	56.4	63.6	75.6	63.3	65.3	50.5	52	62.4	56.3	46.3	57.7	62.1	67.3	51.6	52.7	35.2	66	62	59.9	63.9	62.9	63.2	71.9	74.8	68.2b
2002																											
	Total	69	64.8	70.6	79.6	71.7	69.3	64.2	66.2	69.1	68.6	61.1	71.2	68.8	69.6	65.2	59.7	58.5	76.5	71.6	64.6	72.7	67.8	69.9	74.9	77.6	75.2
	Male	77.3	73.2	78.6	83.6	78.8	74.6	77.6	79.1	75.5	79.2	74.3	81.3	74.1	73.6	76.7	67.1	80.1	84.5	79.6	70.6	80	72.5	76.7	77	79.4	82.3
	Female	60.7	56.3	62.7	75.5	64.4	64.4	51	53.1	63	57.8	47.9	61.8	63.9	65.8	53.6	52.7	36.7	68.3	63.7	58.7	65.6	63	63.2	72.8	75.8	68.3
2004																											
	Total	69.7	65.9	70	80.1	72.6	70	66.5	68.7	69.5	69.5	62.7b	72.6	69.7	69.1	64.7	60.5	58.2	76.6	71.3b	64	73	69.8	69.7	74.2	77.2	75.2
	Male	77.5	73.4	77.9	84	79.2	74.4	79	80.4	75.3	79.9	74.9b	83	74.3	72.8	74.8	67.2	80.2	83.9	78.5b	70.1	79.1	74.5	76.5	76.4	79.1	82
	Female	62	58.2	62.2	76.2	65.8	66	54.1	56.8	63.9	59	50.6b	62.8	65.3	65.6	54.3	54	36	69.2	64.2b	57.9	67	65	63	72	75.2	68.6

Source : Eurostat - Labour Force Survey, Annual averages.

		EU	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	SL	SK	FI	SE	UK
Employment rate (% of population aged 15-64)																											
1998																											
	Total	61.2	57.4	67.3	75.1	63.9	64.6	56	51.3	60.2	60.6	51.9	:	59.9	62.3	60.5	53.7	:	70.2	67.9	59	66.8b	62.9	60.6	64.6	70.3	70.5
	Male	70.6	67.1	76	79.9	71.9	69.6	71.7	66.8	67.4	72.1	66.8	:	65.1	66.2	74.5	60.5	:	80.2	77	66.5	75.9b	67.2	67.8	67.8	72.8	77.3
	Female	51.8	47.6	58.7	70.2	55.8	60.3	40.5	35.8	53.1	49	37.3	:	55.1	58.6	46.2	47.2	:	60.1	58.8	51.7	58.2b	58.6	53.5	61.2	67.9	63.6
2000																											
	Total	62.4	60.5	65	76.3	65.6	60.4	56.5	56.3	62.1	65.2	53.7	65.7	57.5	59.1	62.7	56.3	54.2	72.9	68.5	55	68.4	62.8	56.8	67.2	73	71.2b
	Male	71.2	69.5	73.2	80.8	72.9	64.3	71.5	71.2	69.2	76.3	68	78.7	61.5	60.5	75	63.1	75	82.1	77.3	61.2	76.5	67.2	62.2	70.1	75.1	77.8b
	Female	53.6	51.5	56.9	71.6	58.1	56.9	41.7	41.3	55.2	53.9	39.6	53.5	53.8	57.7	50.1	49.7	33.1	63.5	59.6	48.9	60.5	58.4	51.5	64.2	70.9	64.7b
2002																											
	Total	62.8	59.9	65.4	75.9	65.4	62	57.5	58.5	63	65.5	55.5	68.6	60.4	59.9	63.4	56.2	54.4	74.4	68.7	51.5	68.8	63.4	56.8	68.1	73.6	71.3
	Male	71	68.3	73.9	80	71.8	66.5	72.2	72.6	69.5	75.4	69.1	78.9	64.3	62.7	75.1	62.9	74.7	82.4	76.4	56.9	76.5	68.2	62.4	70	74.9	77.6
	Female	54.7	51.4	57	71.7	58.9	57.9	42.9	44.4	56.7	55.4	42	59.1	56.8	57.2	51.6	49.8	33.9	66.2	61.3	46.2	61.4	58.6	51.4	66.2	72.2	65.2
2004																											
	Total	63.3	60.3	64.2	75.7	65	63	59.4	61.1	63.1	66.3	57.6b	68.9	62.3	61.2	61.6	56.8	54	73.1	67.8b	51.7	67.8	65.3	57	67.6	72.1	71.6
	Male	70.9	67.9	72.3	79.7	70.8	66.4	73.7	73.8	69	75.9	70.1b	79.8	66.4	64.7	72.4	63.1	75.1	80.2	74.9b	57.2	74.2	70	63.2	69.7	73.6	77.8
	Female	55.7	52.6	56	71.6	59.2	60	45.2	48.3	57.4	56.5	45.2b	58.7	58.5	57.8	50.6	50.7	32.7	65.8	60.7b	46.2	61.7	60.5	50.9	65.6	70.5	65.6

Source : Eurostat - Labour Force Survey, Annual averages.

Table 3. Labour market context (cont.)

Unemployment rate (% of labour force aged 15+)

1998																									
	Total	9.4	9.3	6.4	4.9	8.8	9.2	10.9	15.3	11.1	7.5	11.3	:	14.3	13.2	2.7	8.4	:	3.8	4.5	10.2	5.2	7.4	12.7	11.4	8.2	6.1
	Male	7.9	7.7	5	3.9	7.1	9.9	7.1	11.3	9.5	7.7	8.8	:	15.1	14.6	1.9	9	:	3	3.8	8.5	4.2	7.3	12.2	10.9	8.4	6.8
	Female	11.2	11.6	8.1	6	11.1	8.3	16.7	21.9	12.9	7.3	15.4	:	13.6	11.7	4	7.8	:	5	5.4	12.2	6.4	7.5	13.4	12	8	5.3
2000																											
	Total	8.6	6.9	8.7	4.4	7.2	12.5	11.3	11.4	9.1	4.3	10.1	5.2	13.7	16.4	2.3	6.3	6.7	2.8	3.6	16.4	4.1	6.6	18.7	9.8	5.6	5.4
	Male	7.4	5.6	7.3	4.1	6	13.4	7.5	8	7.6	4.3	7.8	3.2	14.4	18.6	1.8	6.8	6.4	2.2	3.1	14.6	3.3	6.4	18.9	9.1	5.9	5.8
	Female	10.2	8.5	10.3	4.8	8.7	11.5	17.2	16.8	10.9	4.3	13.6	7.8	12.9	14.1	3.1	5.6	7.4	3.6	4.3	18.6	5	6.8	18.5	10.6	5.3	4.8
2002																											
	Total	8.8	7.3	7.3	4.6	8.2	9.5	10.3	11.5	8.9	4.3	8.6	3.9	12.6	13.5	2.8	5.6	7.7	2.8	4.2	19.8	5	6.1	18.7	9.1	4.9	5.1
	Male	7.8	6.7	5.9	4.4	7.1	10.1	6.8	8.2	7.9	4.6	6.7	3	13.6	13.6	2.1	6	6.7	2.5	4	19	4.1	5.8	18.6	9.1	5.3	5.6
	Female	10	8.2	9	4.7	9.4	8.9	15.6	16.4	10	3.9	11.5	4.9	11.4	13.4	3.8	5.1	9.9	3.1	4.4	20.7	6	6.5	18.9	9.1	4.6	4.5
2004																											
	Total	9	7.9	8.3	5.4	9.5	9.2	10.5	11	9.6	4.5	8	5.2	9.8	10.9	4.8	6	7.7	4.6	4.8	18.8	6.7	6	18.2	8.8	6.3	4.7
	Male	8.1	7.1	7.1	5.1	8.7	10.4	6.6	8.1	8.7	4.9	6.4	4.1	9.4	10.5	3.3	5.9	7.1	4.3	4.4	18	5.9	5.6	17.3	8.7	6.5	5
	Female	10.2	8.9	9.9	5.7	10.5	8	16.2	15	10.5	4	10.5	6.5	10.1	11.2	6.8	6.1	9	4.8	5.3	19.8	7.6	6.4	19.3	8.9	6.1	4.2
2005																											
	Total	8.7p	8.4p	7.9p	4.9p	9.4p	7.5p	:	9.2p	9.5p	4.3p	:	6.1p	9.1p	8.2p	5.3p	7.1p	7.9p	4.7p	5.2p	17.9p	7.3p	5.8p	16.5p	8.3p	6.3p	4.6p
	Male	7.8p	7.6p	6.5p	4.2p	8.8p	9p	:	7p	8.7p	4.6p	:	4.9p	9.4p	8.1p	3.8p	6.8p	7.1p	4.5p	4.8p	16.8p	6.4p	5.4p	15.7p	8.2p	6.4p	5p
	Female	9.7p	9.4p	9.8p	5.7p	10.1p	6p	:	12.2p	10.4p	3.9p	:	7.7p	8.7p	8.4p	7.5p	7.4p	9.7p	5p	5.6p	19.1p	8.3p	6.2p	17.4p	8.4p	6.3p	4.2p

Source: Eurostat - Harmonised unemployment series, Annual average

Youth unemployment rate (% of labour force aged 15-24)

1998																										
	Total	19.2	22.1	12.8	7.3	15	15.2	30.1	31.3	25.6	11.3	29.9	:	26.8	25.5	6.9	15	:	7.6	6.4	22.5	10.1	17.8	25.3	23.5	16.1	13.1
	Male	17.4	20.2	11.5	7.1	12.3	16.7	21.7	25.1	23.3	11.6	25.4	:	27.4	30.1	6.5	16.6	:	7.4	5	20.2	8.1	16.9	26.5	22.8	16.4	14.8
	Female	21.3	24.5	14.4	7.4	17.9	13.1	39.7	39.1	28.3	11	35.5	:	26	18.4	7.3	13	:	7.9	7.9	25.1	12.5	18.8	23.8	24.3	15.8	11.3
2000																											
	Total	17.4	17	17.8	7	10.6	23.6	29.2	22.9	20.1	6.6	27	11.5	21.4	30.6	7.2	12.1	13.7	5.7	5.3	36.3	8.4	16.2	37.1	21.4	10.5	12.2
	Male	16	14.7	18.5	7	9.4	23	21.6	17.6	18	6.4	23.1	7.1	21.2	32.3	6.6	13.1	14.9	4.9	4.7	34.6	6.3	14.9	39.9	21.1	11	13.3
	Female	19	19.8	17	7.1	11.9	24.5	38.2	29.6	22.5	7	31.9	15.3	21.6	28.3	7.9	10.7	12.3	6.5	6	38.2	10.9	18	33.9	21.6	9.9	11.1
2002																											
	Total	18.2	18.5	16.9	7.9	14.2	19.3	26.8	22.3	20	8	23.1	9.7	23.9	23.8	8.3	12	18.3	5	6.7	41.8	11.6	15.3	37.6	21	11.9	12.1
	Male	17.3	18.9	16.6	9.3	13	15.6	19.9	18.5	18.9	8.8	19.4	9.3	22.4	22	6.8	12.6	18.4	5.2	6.4	40.9	9.7	13.8	38.8	21.2	12	13.7
	Female	19.1	18	17.2	6.3	15.4	24.8	35.3	27.3	21.4	7	27.8	10	25.8	26.2	10.1	11.2	18.1	4.8	7.1	42.9	13.9	17.4	36.2	20.9	11.8	10.2
2004																											
	Total	18.7	20.4	21.1	8.4	15.1	21.3	26.9	22.1	21.8	8.4	23.6	11.3	19.2	20.8	18.1	15.4	19	8	9.5	40	15.4	14.4	32.7	20.7	16.3	12.1
	Male	18.2	18.9	22.3	8.6	15.3	21	19.1	18.7	20.8	8.9	20.7	10.3	14.9	22.1	13.6	15.4	18.8	7.9	9.3	38.8	13.6	11.7	34.4	22	15.7	13.4
	Female	19.3	22.1	19.4	8.1	14.9	21.7	36.3	26.5	23	7.8	27.2	12.3	25.2	18.7	23	15.5	19.2	8.1	9.9	41.6	17.7	17.9	30.7	19.4	16.9	10.7

Source: Eurostat, Harmoonised unemployment series - Annual average

Table 4. Social Protection expenditure

	EU	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	SL	SK	FI	SE	UK
Total social protection expenditure (as a % of GDP)																										
1992	:	27.7	:	29.7	27.2	:	21.2	22.4	28.7	20.3	26.2	:	:	:	22.5	:	:	31.9	26.9	:	18.4	:	:	33.6	37.1	27.9
1995	:	28.1	17.2	31.9	28.2	:	22.3	22.1	30.3	18.8	24.8	:	:	:	23.7	:	17.5	30.9	28.9	:	21.3	:	18.7	31.4	34.6	28.2
2001	27.1	27.7	19.5	29.2	29.3	13.6	27	19.4	29.5	15	25.6	15.2	14.3	14.7	21.3	19.8	17.7	26.5	28.6	21.5	22.8	25.3	19.1	25.5	31.5	27.5
2003	28	29.7	20.1	30.9	30.2	13.4	26.3	19.7	30.9	16.5	26.4	:	13.4	13.6	23.8	21.4	18.5	28.1	29.5	21.6	24.3	24.6	18.4	26.9	33.5	26.7
Total social protection expenditure (in PPS per capita)																										
1992	:	4913	:	5404	4993	:	2343	2860	5076	2616	4473	:	:	:	5850	:	:	5598	5172	:	2012	:	:	5185	6063	4298
1995	:	5148	1835	6123	5260	:	2450	2931	5382	2862	4393	:	:	:	6468	:	1892	5658	5678	:	2465	:	1267	5109	6235	4696
2001	5576	6641	2637	7610	6731	1247	4084	3767	7006	4025	5825	2777	1093	1234	9302.6	2287	2669	7018	7289	2014	3789	3896	1924	6001	7501	6441
2003	6012	7476	2964	8115	7087	1411	4567	4186	7434	4814	6024	:	1174	1342	10905	2783	2879	7605	7700	2121	4076	4076	2063	6560	8258	6812

2002 data are provisional.
Source : Eurostat - ESSPROS database.

Social protection benefits by group of functions (as a percentage of GDP)

Old age and survivors benefits																								
1995	:	11.4	6.6	11.7	11.6	:	11.2	9.4	12.5	4.8	15.2	:	:	:	10.3	:	8.8	11.1	13.2	:	7.9	:	6.9	10	12.8	11.6
2001	12.1	11.7	8.2	10.8	12.1	5.9	13.5	8.6	12.2	3.5	15.3	7	7.9	6.8	7.8	8.2	9.4	10.4	13.5	11.8	9.1	11.3	7.1	9.1	12.1	12.2
2003	12.3	12.6	8.2	11.1	12.4	5.9	12.9	8.5	12.6	3.7	15.7	:	6.9	6.3	8.7	8.6	9.5	10.6	13.8	12.4	10.5	10.8	7	9.7	12.9	11.6
Sickness, health care																								
1995	:	6.3	6.4	5.5	8.4	:	5.6	6.1	8.1	6.5	5.5	:	:	:	5.7	:	4.2	8.3	7.1	:	7	:	6	6.4	7.5	6.5
2001	7.3	6.3	6.6	5.8	8.1	4.3	6.8	5.7	8.2	6.1	6.4	4	2.7	4.3	5.3	5.3	4.4	7.5	7	4.1	6.3	7.7	6.5	6.1	8.1	7.3
2003	7.6	7.6	7.1	6.1	8.1	4.2	6.7	5.9	8.9	6.6	6.5	:	3	3.9	5.8	6.2	4.8	8.2	7.1	4.3	6.5	7.8	5.8	6.5	8.5	7.7
Disability																								
1995	:	2.4	1.4	3.3	1.9	:	1	1.6	1.7	0.9	1.7	:	:	:	2.9	:	0.8	3.7	2.5	:	2.3	:	1.2	4.6	4.2	2.9
2001	2.1	2.4	1.6	3.5	2.2	1.1	1.3	1.4	1.3	0.7	1.4	0.6	1.3	1.3	3	2	1	2.8	2.4	2.8	2.5	2.2	1.5	3.4	4	2.5
2003	2.1	1.9	1.6	4	2.3	1.2	1.3	1.4	1.4	0.8	1.6	:	1.1	1.3	3.1	2.2	1.2	2.9	2.4	2.6	2.6	2	1.6	3.5	4.6	2.4
Unemployment																								
1995	:	3.5	0.4	4.6	2.4	:	1	3.5	2.3	2.8	0.7	:	:	:	0.7	:	0.9	2.9	1.6	:	1	:	0.6	4.4	3.7	1.5
2001	1.6	3	0.6	2.8	2.3	0.2	1.6	2.4	2	1.2	0.4	1	0.5	0.3	0.8	0.7	1.1	1.2	1.4	0.9	0.7	0.9	0.7	2.4	1.9	0.9
2003	1.8	3.5	0.8	2.9	2.5	0.2	1.5	2.6	2.3	1.3	0.5	:	0.4	0.2	1	0.6	1.2	1.6	1.7	0.9	1.2	0.7	1	2.6	1.9	0.7
Family and children																								
1995	:	2.3	2	3.8	2	:	1.9	0.4	2.9	2.1	0.8	:	:	:	3	:	2	1.3	3.1	:	1	:	2.5	4.1	3.9	2.4
2001	2.1	2.2	1.6	3.8	2.9	1.5	1.8	0.5	2.6	2.1	1	1.2	1.5	1.2	3.3	2.5	1.1	1.1	2.9	1.1	1.1	2.2	1.5	3	2.9	1.8
2003	2.1	2.2	1.5	4	3.1	1.3	1.9	0.6	2.6	2.5	1	:	1.4	1	4.1	2.7	1	1.3	3.1	1	1.5	2.1	1.5	3	3.1	1.8
Housing and social exclusion n.e.c.																								
1995	:	0.7	0.2	2.2	0.8	:	0.8	0.3	1.3	0.9	0	:	:	:	0.2	:	0.5	1.9	0.4	:	0.1	:	0.8	1.1	2.1	2.1
2001	0.9	0.4	0.6	1.7	0.7	0.4	1.3	0.4	1.3	0.8	0	1.1	0.2	0.5	0.7	0.7	0.3	1.6	0.5	:	0.3	:	1.3	0.8	1.3	1.7
2003	0.9	0.5	0.7	1.7	0.7	0.3	1.2	0.4	1.3	0.9	0	:	0.2	0.4	0.6	0.6	0.5	1.6	0.5	:	0.3	:	0.9	0.9	1.3	1.6

Social protection benefits by group of functions (as a percentage of total benefits)

Old age and survivors benefits																								
1995	:	43.1	38.8	37.7	42.8	:	52.1	43.9	43.5	26.5	63.4	:	:	:	45.1	:	51.4	38.0	47.2	:	41.1	:	38.1	32.8	37.5	43.1
2001	46.3	44.9	42.7	38.0	42.8	44.2	51.4	45.2	44.2	24.4	62.3	46.9	56.3	47.6	37.4	42.4	54.0	41.9	48.8	56.9	45.8	45.5	38.3	36.6	39.9	46.3
2003	45.7	44.5	41.3	37.2	42.9	44.8	50.8	43.8	43.3	23.2	61.8	49.4	53.1	47.4	37.2	41.3	52.3	40.3	48.2	58.5	46.2	45.0	39.4	37.0	40.1	44.9
Sickness, health care																								
1995	:	23.6	37.5	17.8	31.0	:	26.0	28.6	28.3	36.2	23.2	:	:	:	24.9	:	24.4	28.5	25.5	:	36.2	:	33.0	20.9	22.0	24.0
2001	27.9	24.2	34.6	20.3	28.5	31.9	25.8	30.0	29.7	42.2	26.1	26.6	19.1	30.1	25.6	27.6	25.5	30.4	25.4	19.8	31.3	31.4	35.0	24.5	26.8	27.6
2003	28.3	27.0	35.6	20.5	27.7	31.8	26.5	30.7	30.5	41.8	25.7	25.2	22.9	29.8	24.8	29.7	26.0	31.4	24.8	20.5	28.8	32.4	32.8	25.1	26.3	29.6
Disability																								
1995	:	8.8	8.2	10.6	6.8	:	4.8	7.4	5.9	4.8	7.0	:	:	:	12.7	:	4.8	12.6	9.1	:	11.8	:	6.8	15.0	12.2	10.9
2001	8.0	9.3	8.2	12.5	7.8	8.2	5.0	7.7	4.8	5.1	5.7	3.7	9.4	8.9	14.4	10.2	5.9	11.5	8.7	13.6	12.3	8.7	8.1	13.7	13.3	9.3
2003	8.0	6.6	8.2	13.5	7.8	9.3	5.1	7.4	4.8	5.1	6.4	3.8	8.5	9.7	13.4	10.3	6.5	11.1	8.6	12.2	11.5	8.2	8.9	13.3	14.2	9.4
Unemployment																								
1995	:	13.0	2.3	14.8	9.0	:	4.5	16.5	7.9	15.3	3.0	:	:	:	3.1	:	5.0	9.9	5.8	:	5.3	:	3.5	14.4	10.8	5.6
2001	6.3	11.6	3.1	10.0	8.2	1.4	6.0	12.8	7.2	8.5	1.6	6.8	3.3	1.8	3.6	3.4	6.1	5.0	5.0	4.4	3.6	3.7	3.6	9.8	6.1	3.5
2003	6.6	12.4	3.9	9.8	8.6	1.8	5.7	13.3	7.9	8.4	1.8	5.7	3.2	1.8	4.2	2.8	6.7	6.2	6.0	4.0	5.5	3.1	5.8	9.9	5.9	2.7
Family and children																								
1995	:	8.8	11.8	12.4	7.5	:	8.8	2.0	10.0	12.0	3.2	:	:	:	13.1	:	11.8	4.6	11.2	:	5.2	:	14.0	13.4	11.3	8.9
2001	8.0	8.5	8.1	13.3	10.4	11.5	6.7	2.6	9.5	14.4	4.1	8.2	10.5	8.3	16.0	12.9	6.6	4.4	10.5	5.1	5.6	8.9	8.2	12.1	9.6	6.8
2003	8.0	7.8	7.5	13.2	10.5	10.0	7.3	3.0	9.0	16.0	4.1	8.0	10.8	7.9	17.7	13.0	5.6	4.9	10.8	4.7	6.5	8.6	8.3	11.5	9.5	6.9
Housing and social exclusion n.e.c.																								
1995	:	2.7	1.3	6.8	2.9	:	3.8	1.6	4.5	5.2	0.1	:	:	:	1.2	:	2.5	6.5	1.3	:	0.4	:	4.6	3.6	6.2	7.5
2001	3.5	1.6	3.3	6.0	2.4	2.9	5.1	1.7	4.7	5.3	0.3	7.8	1.4	3.3	3.0	3.5	2.0	6.8	1.7	:	1.3	:	6.8	3.3	4.3	6.4
2003	3.5	1.7	3.5	5.7	2.5	2.2	4.6	1.7	4.5	5.6	0.2	7.9	1.5	3.3	2.8	2.9	2.9	6.2	1.7	0.2	1.6	2.6	4.9	3.3	4.0	6.5

2003 data are provisional.

Source : Eurostat - ESSPROS database.

Table 5. Common indicators of social exclusion and poverty

		EU	BE	CZ[1]	DK	DK[2]	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU	HU	MT[3]	NL	AT	PL
At-risk-of-poverty threshold (illustrative values), PPP																						
- One-person household		7716 s	8963	4382 i	9176	9224	9175 i	2352 i	6272	7254	8643	8502	7450	7822 i	2064 i	2298 i	15522	3722 i	5711 i	9869 pi	9630	2662 i
- Two adults with two dep. children		16204 s	18822	9202 i	19270	19370	19268 i	4939 i	13171	15233	18150	17854	15645	16426 i	4334 i	4826 i	32596	7816 i	11993 i	20725 pi	20223	5590 i
At-risk-of-poverty rate by age and gender																						
Incidence																						
- Total population		16 s	15	8 i	11	10	16 i	18 i	20	20	14	21	19	15 i	16 i	15 i	11	12 i	15 i	12 pi	13	17 i
- Children aged 0-15 years		20 s	17	15 i	9	9	20 i	20 i	20	24	14	22	26	11 i	19 i	17 i	18	17 i	21 i	18 pi	15	23 i
- People aged 16 years and more	Total	16 s	14	7 i	11	10	15 i	18 i	20	19	13	21	18	16 i	16 i	14 i	10	11 i	13 i	11 pi	12	15 i
	Men	14 s	13	6 i	11	10	12 i	16 i	19	18	12	18	16	14 i	15 i	13 i	10	10 i	13 i	10 pi	11	16 i
	Women	17 s	15	8 i	12	10	17 i	20 i	22	21	14	23	19	18 i	17 i	15 i	10	11 i	14 i	11 pi	14	14 i
- People aged 16-24 years	Total	21 s	16	9 i	27	27	24 i	21 i	24	19	20	18	25	9 i	19 i	15 i	12	14 i	10 i	20 pi	13	21 i
	Men	19 s	15	8 i	25	25	20 i	19 i	23	18	18	16	24	9 i	19 i	14 i	14	14 i	10 i	18 pi	11	21 i
	Women	22 s	17	10 i	30	30	27 i	24 i	24	21	21	21	26	9 i	20 i	16 i	10	14 i	10 i	22 pi	15	20 i
- People aged 25-49 years	Total	14 s	12	8 i	9	9	13 i	18 i	16	16	11	14	18	9 i	15 i	14 i	12	11 i	14 i	11 pi	11	17 i
	Men	13 s	11	7 i	9	9	11 i	18 i	15	15	10	13	17	8 i	16 i	15 i	12	11 i	13 i	10 pi	11	17 i
	Women	15 s	12	9 i	8	9	16 i	19 i	17	16	12	16	20	9 i	15 i	14 i	12	11 i	14 i	12 pi	12	17 i
- People aged 50-64 years	Total	13 s	13	5 i	4	5	12 i	16 i	19	17	12	22	14	13 i	16 i	15 i	7	9 i	12 i	7 pi	10	11 i
	Men	13 s	11	5 i	5	5	11 i	18 i	18	16	12	22	14	9 i	17 i	15 i	6	9 i	10 i	7 pi	9	13 i
	Women	13 s	15	4 i	4	4	13 i	15 i	19	17	12	23	15	17 i	16 i	14 i	8	9 i	14 i	7 pi	11	10 i
- People aged 65 years and more	Total	18 s	21	4 i	17	8	15 i	17 i	28	30	16	40	16	52 i	14 i	12 i	6	10 i	20 i	7 pi	17	6 i
	Men	15 s	20	1 i	16	8	10 i	7 i	26	27	14	34	13	48 i	7 i	5 i	6	6 i	19 i	6 pi	13	4 i
	Women	20 s	21	6 i	18	8	18 i	22 i	30	32	17	45	18	55 i	17 i	15 i	6	12 i	21 i	7 pi	20	7 i
Distribution of at-risk-or-poverty population																						
- Total population		100 s	100	100 i	100	100	100 i	100 i	100	100	100	100	100	100 i	100 i	100 i	100	100 i	100 i	100 pi	100	100 i
- Children aged 0-15 years		23 s	22	32 i	17	18	:	20 i	15	19	21	23	21	17 i	19 i	23 i	30	25 i	30 i	30 pi	21	30 i
- People aged 16 years and more	Total	78 s	78	68 i	83	82	:	80 i	85	81	80	77	79	83 i	81 i	77 i	70	75 i	70 i	70 pi	79	70 i
	Men	75 s	77	64 i	82	80	:	77 i	83	78	78	75	77	78 i	77 i	74 i	68	71 i	66 i	68 pi	77	70 i
	Women	79 s	80	71 i	84	83	:	83 i	86	84	81	78	81	87 i	84 i	79 i	71	79 i	74 i	72 pi	80	71 i
- People aged 16-24 years	Total	15 s	12	14 i	24	28	:	17 i	13	11	17	14	13	8 i	15 i	14 i	12	14 i	9 i	18 pi	11	19 i
	Men	15 s	13	14 i	23	26	:	19 i	13	11	17	14	14	9 i	17 i	14 i	63	16 i	10 i	17 pi	11	20 i
	Women	14 s	12	13 i	25	29	:	15 i	12	11	17	13	12	7 i	14 i	13 i	10	13 i	8 i	18 pi	11	18 i
- People aged 25-49 years	Total	31 s	29	35 i	29	33	:	34 i	30	31	28	22	37	19 i	33 i	35 i	41	33 i	31 i	34 pi	33	35 i
	Men	32 s	30	33 i	32	34	:	36 i	30	33	28	22	37	19 i	37 i	39 i	39	34 i	31 i	33 pi	37	35 i
	Women	31 s	28	37 i	26	31	:	32 i	29	30	28	22	36	20 i	31 i	32 i	42	31 i	31 i	34 pi	31	36 i
- People aged 50-64 years	Total	14 s	15	12 i	8	9	:	15 i	17	13	16	20	14	14 i	18 i	16 i	10	16 i	16 i	11 pi	15	12 i
	Men	15 s	14	14 i	9	10	:	17 i	17	14	16	22	14	11 i	18 i	17 i	9	15 i	13 i	12 pi	15	12 i
	Women	14 s	16	10 i	7	8	:	13 i	16	13	15	18	14	17 i	18 i	16 i	11	16 i	19 i	10 pi	15	11 i
- People aged 65 years and more	Total	18 s	22	7 i	23	12	:	15 i	26	26	19	21	16	42 i	14 i	12 i	7	12 i	14 i	8 pi	20	4 i
	Men	14 s	20	2 i	19	10	:	5 i	22	21	16	18	12	40 i	5 i	4 i	6	6 i	12 i	6 pi	14	2 i
	Women	21 s	24	11 i	27	14	:	22 i	28	30	22	24	19	43 i	21 i	18 i	8	18 i	16 i	9 pi	24	6 i

1) Data for the Czech Republic refer to income year 2002

2) Including imputed rent. See methodological note for an explanation

3) Data for Malta refer to income year 2000, and they are not analysed in Chapter 1 of the Technical Annex.

Source : Eurostat - See Annex IA. i = national source harmonised ex-post for maximum consistency with EU-SILC methodology. p = provisional. s = estimated by Eurostat. u = result based on small sample (20-49 observations)

Table 5. Common indicators of social exclusion and poverty (cont)

At-risk-of-poverty rate by most frequent activity status and by gender and selected age group

Incidence																						
- Total	Total	16 s	14	7 i	11	9	15 i	18 i	20	19	13	21	18	16 i	16 i	14 i	10	11 i	13 i	11 pi	12	15 i
	Men	14 s	13	6 i	10	9	12 i	17 i	18	18	12	18	16	14 i	15 i	13 i	10	10 i	13 i	10 pi	11	16 i
	Women	17 s	16	8 i	11	10	17 i	20 i	22	21	14	23	19	18 i	17 i	15 i	10	11 i	14 i	11 pi	14	14 i
- At work	Total	9 s	4	3 i	5	5	9 i	10 i	13	11	5	7	10	6 i	9 i	10 i	8	6 i	6 i	6 pi	7	12 i
	Men	9 s	5	3 i	5	5	6 i	9 i	14	12	6	7	12	6 i	9 i	10 i	8	7 i	7 i	6 pi	8	13 i
	Women	8 s	4	3 i	4	4	9 i	10 i	12	9	5	6	7	5 i	8 i	10 i	8	5 i	:	6 pi	7	10 i
* Wage/salary employees	Total	:	:	2 i	:	:	:	9 i	:	:	:	:	:	6 i	7 i	7 i	:	6 i	6 i	5 pi	:	8 i
	Men	:	:	1 i	:	:	:	8 i	:	:	:	:	:	6 i	7 i	7 i	:	6 i	8 i	4 pi	:	9 i
	Women	:	:	3 i	:	:	:	10 i	:	:	:	:	:	5 i	8 i	7 i	:	5 i	:	5 pi	:	6 i
* Self-employed	Total	:	:	7 i	:	:	:	16 i	:	:	:	:	:	8 i	23 i	24 i	:	10 i	:	17 pi	:	21 i
	Men	:	:	7 i	:	:	:	16 i	:	:	:	:	:	8 i	26 i	25 i	:	11 i	:	17 pi	:	21 i
	Women	:	:	6 i	:	:	:	:	:	:	:	:	:	5 i	17 i	24 i	:	9 i	:	15 pi	:	21 i
- Not at work	Total	23 s	23	11 i	19	15	21 i	27 i	26	30	21	36	24	30 i	23 i	19 i	12	14 i	20 i	17 pi	18	18 i
	Men	23 s	23	11 i	19	16	20 i	26 i	25	30	21	37	22	30 i	23 i	18 i	12	14 i	23 i	18 pi	16	19 i
	Women	24 s	24	12 i	19	15	22 i	28 i	27	30	21	36	25	30 i	23 i	19 i	11	14 i	19 i	16 pi	19	17 i
* Unemployed	Total	42 s	28	36 i	33	34	46 i	49 i	31	40	34	44	49	22 i	51 i	40 i	46	37 i	52 i	42 pi	31	38 i
	Men	46 s	29	39 i	34	35	50 i	49 i	34	50	41	49	54	31 i	52 i	42 i	48	39 i	58 i	42 pi	35	38 i
	Women	37 s	27	34 i	32	33	41 i	49 i	29	33	26	31	44	12 i	50 i	36 i	42	34 i	:	41 pi	26	38 i
* Retired	Total	16 s	18	4 i	19	20	14 i	19 i	26	25	13	35	11	50 i	15 i	13 i	5	10 i	18 i	6 pi	14	7 i
	Men	15 s	19	2 i	25	23	11 i	15 i	23	26	14	36	11	46 i	9 i	6 i	5	9 i	19 i	6 pi	11	7 i
	Women	17 s	17	5 i	14	16	17 i	22 i	30	22	13	34	11	53 i	17 i	16 i	6	11 i	18 i	7 pi	16	8 i
* Other inactive	Total	26 s	26	13 i	14	8	24 i	31 i	26	30	27	36	27	16 i	21 i	20 i	12	16 i	18 i	21 pi	21	21 i
	Men	26 s	25	11 i	13	7	25 i	30 i	27	27	26	34	26	12 i	18 i	20 i	16	14 i	11 i	27 pi	21	21 i
	Women	26 s	27	15 i	15	9	24 i	31 i	25	31	28	36	27	18 i	22 i	20 i	11	17 i	19 i	19 pi	21	21 i
Distribution of at-risk-or-poverty population																						
- Total	Total	100 s	100	100 i	100	100	100 i	100 i	100	100	100	100	100	100 i	100 i	100 i	100	100 i	100 i	100 pi	100	100 i
	Men	100 s	100	100 i	100	100	100 i	100 i	100	100	100	100	100	100 i	100 i	100 i	100	100 i	100 i	100 pi	100	100 i
	Women	100 s	100	100 i	100	100	100 i	100 i	100	100	100	100	100	100 i	100 i	100 i	100	100 i	100 i	100 pi	100	100 i
- At work	Total	27 s	14	22 i	26	30	:	28 i	32	26	21	17	25	20 i	28 i	38 i	44	27 i	20 i	33 pi	34	37 i
	Men	36 s	20	28 i	33	37	:	34 i	46	40	25	24	41	28 i	37 i	46 i	55	37 i	38 i	41 pi	48	45 i
	Women	19 s	9	19 i	19	24	:	24 i	20	14	17	12	12	14 i	22 i	32 i	34	18 i	4 i	27 pi	24	29 i
* Wage/salary employees	Total	:	:	14 i	:	:	:	24 i	:	15	:	:	:	16 i	21 i	21 i	:	20 i	19 i	23 pi	:	18 i
	Men	:	:	12 i	:	:	:	27 i	:	22	:	:	:	20 i	24 i	24 i	:	27 i	38 i	25 pi	:	23 i
	Women	:	:	15 i	:	:	:	22 i	:	9	:	:	:	13 i	19 i	18 i	:	15 i	4 i	21 pi	:	13 i
* Self-employed	Total	:	:	8 i	:	:	:	4 i	:	11	:	:	:	4 i	7 i	17 i	:	6 i	0 i	10 pi	:	19 i
	Men	:	:	16 i	:	:	:	7 i	:	18	:	:	:	7 i	13 i	22 i	:	10 i	1 i	16 pi	:	22 i
	Women	:	:	3 i	:	:	:	2 i	:	5	:	:	:	1 i	3 i	14 i	:	4 i	0 i	6 pi	:	17 i
- Not at work	Total	73 s	86	78 i	75	70	:	72 i	68	74	79	83	75	80 i	72 i	62 i	56	73 i	81 i	67 pi	66	63 i
	Men	51 s	80	72 i	67	63	:	66 i	54	60	75	76	59	72 i	63 i	54 i	45	63 i	62 i	59 pi	52	55 i
	Women	64 s	91	81 i	81	76	:	76 i	80	86	83	88	88	86 i	78 i	68 i	66	82 i	96 i	73 pi	76	71 i
* Unemployed	Total	12 s	16	32 i	31	38	:	19 i	8	14	14	8	16	3 i	28 i	15 i	9	15 i	14 i	19 pi	9	22 i
	Men	14 s	19	41 i	31	37	:	24 i	8	16	20	14	19	6 i	38 i	21 i	12	20 i	25 i	18 pi	13	24 i
	Women	12 s	14	26 i	32	39	:	16 i	8	12	10	3	14	1 i	20 i	11 i	7	12 i	4 i	20 pi	6	21 i
* Retired	Total	17 s	25	13 i	6	7	:	29 i	27	18	25	15	12	53 i	24 i	20 i	7	33 i	22 i	11 pi	28	11 i
	Men	21 s	29	5 i	8	8	:	19 i	30	28	27	26	15	54 i	11 i	7 i	10	26 i	29 i	9 pi	23	8 i
	Women	21 s	22	18 i	4	6	:	35 i	25	10	23	6	9	53 i	33 i	30 i	4	39 i	16 i	13 pi	31	14 i
* Other inactive	Total	37 s	45	32 i	37	25	:	24 i	33	42	41	60	47	24 i	20 i	27 i	40	25 i	45 i	36 pi	30	30 i
	Men	24 s	32	25 i	28	18	:	23 i	16	17	28	35	24	13 i	14 i	27 i	24	17 i	7 i	32 pi	16	23 i
	Women	47 s	55	37 i	45	32	:	24 i	47	64	50	79	65	32 i	24 i	27 i	55	31 i	77 i	40 pi	40	36 i

1) Data for the Czech Republic refer to income year 2002

2) Including imputed rent. See methodological note for an explanation

3) Data for Malta refer to income year 2000, and they are not analysed in Chapter 1 of the Technical Annex.

Source : Eurostat - See Annex IA and IB. i = national source harmonised ex-post for maximum consistency with EU-SILC methodology. p = provisional. s = estimated by Eurostat. u = result based on small sample (20-49 observations)

Table 5. Common indicators of social exclusion and poverty (cont)

At-risk-of-poverty rate by household type

Incidence

- Households without dependent children	Total	15 s	14	4 i	14	12	14 i	17 i	20	19	13	24	14	28 i	15 i	13 i	8	9 i	12 i	9 pi	13	:
* One-person households	Total	24 s	21	13 i	24	21	23 i	33 i	29	39	19	55	23	50 i	25 i	24 i	13	18 i	25 i	18 pi	21	12 i
	Men	22 s	18	13 i	25	22	20 i	29 i	20	28	18	49	17	31 i	21 i	29 i	13	18 i	17 i	20 pi	16	21 i
	Women	26 s	23	13 i	23	20	26 i	35 i	34	46	20	60	26	57 i	26 i	23 i	13	17 i	29 i	17 pi	25	9 i
	Aged < 65 yrs	22 s	19	16 i	26	26	23 i	32 i	21	23	20	39	21	25 i	21 i	25 i	15	17 i	24 i	24 pi	20	18 i
	Aged 65+	26 s	23	9 i	20	10	23 i	35 i	37	52	19	68	25	73 i	28 i	24 i	8	18 i	25 i	7 pi	23	7 i
* Two-adult households	Both < 65 yrs	10 s	11	3 i	5	5	8 i	13 i	14	12	9	19	11	12 i	14 i	12 i	7	8 i	11 i	6 pi	11	10 i
	At least one 65+	15 s	20	2 i	13	6	11 i	9 i	29	30	13	29	12	51 i	10 i	6 i	5	6 i	24 i	6 pi	14	8 i
* Other households		9 s	5	1 i	3	3	11 i	11 i	15	11	9	9	12	10 i	12 i	11 i	5	5 i	3 i	4 pi	5	8 i
- Households with dependent children	Total	18 s	15	11 i	7	7	17 i	19 i	20	23	14	19	24	9 i	18 i	15 i	14	14 i	17 i	15 pi	13	:
* Single parents	at least 1dep child	34 s	36	30 i	16	16	38 i	33 i	38	40	30	56	36	22 i	35 i	27 i	21	16 i	59 i	39 pi	25	22 i
* Two-adult households	1 dep. child	12 s	10	7 i	4	4	14 i	15 i	15	14	10	13	15	10 i	13 i	11 i	6	8 i	14 i	8 pi	10	12 i
	2 dep. children	15 s	9	8 i	4	3	10 i	18 i	19	24	9	10	24	6 i	13 i	12 i	17	10 i	16 i	10 pi	9	17 i
	3+ dep. children	27 s	18	20 i	14	13	24 i	24 i	32	39	17	23	36	15 i	32 i	28 i	18	23 i	31 i	24 pi	22	35 i
* Other households		18 s	17	9 i	4	5	18 i	16 i	26	22	17	12	24	6 i	18 i	14 i	12	17 i	5 i	12 pi	10	19 i

Distribution of at-risk-or-poverty population

- Households without dependent children	Total	42 s	47	25 i	68	64	:	41 i	50	45 b	46 b	45	38 b	58 i	38 i	35 i	29	32 i	71 i	39 pi	50	17 i
* One-person households	Total	17 s	19	15 i	48	48	:	21 i	11	12 b	20 b	20	13 b	15 i	14 i	15 i	13	14 i	9 i	23 pi	24	4 i
	Men	7 s	8	6 i	24	50	:	6 i	3	3 b	8 b	8	4 b	3 i	3 i	30 i	6	4 i	2 i	11 pi	7	2 i
	Women	11 s	11	9 i	24	50	:	16 i	8	9 b	12 b	12	10 b	12 i	10 i	70 i	7	9 i	7 i	12 pi	17	2 i
	Aged < 65 yrs	9 s	11	10 i	35	84	:	11 i	4	3 b	13 b	7	6 b	4 i	6 i	51 i	10	6 i	4 i	20 pi	14	3 i
	Aged 65+	8 s	8	5 i	13	16	:	10 i	7	9 b	8 b	13	7 b	11 i	8 i	49 i	3	7 i	4 i	3 pi	10	1 i
* Two-adult households	Both aged < 65 yrs	8 s	10	6 i	9	10	:	8 i	6	6 b	10 b	9	6 b	5 i	10 i	9 i	8	8 i	6 i	8 pi	12	5 i
	At least one age 65+	10 s	14	2 i	11	5	:	6 i	17	15 b	11 b	10	8 b	30 i	5 i	4 i	4	5 i	11 i	5 pi	9	6 i
* Other households		7 s	4	2 i	1	1	:	5 i	16	12 b	4 b	6	11 b	7 i	8 i	8 i	4	6 i	3 i	3 pi	5	3 i
- Households with dependent children	Total	:	53	75 i	32	36	:	59 i	50	55 b	55 b	55	63 b	42 i	62 i	65 i	71	68 i	71 i	62 pi	50	0 i
* Single parents	at least 1 dep. child	9 s	14	20 i	9	11	:	12 i	3	3 b	12 b	16	5 b	3 i	8 i	9 i	7	5 i	6 i	14 pi	7	5 i
* Two-adult households	1 dep. child	9 s	7	10 i	4	5	:	13 i	9	9 b	10 b	6	10 b	6 i	12 i	13 i	7	8 i	11 i	7 pi	9	9 i
	2 dep. children	16 s	10	20 i	6	6	:	15 i	25	22 b	14 b	8	22 b	9 i	11 i	16 i	28	14 i	22 i	14 pi	11	17 i
	3+ dep. children	12 s	14	12 i	12	13	:	8 i	2	7 b	12 b	16	10 b	17 i	9 i	12 i	18	15 i	26 i	17 pi	12	24 i
* Other households		13 s	9	13 i	1	1	:	11 i	12	15 b	7 b	10	16 b	8 i	22 i	14 i	11	25 i	6 i	10 pi	10	28 i

At-risk-of-poverty rate by accommodation tenure status and by gender and selected age group

Incidence

- Owner-occupier or rent-free	Total	13 s	11	:	8	5	10 i	18 i	20	19	10	18	17	15 i	14 i	14 i	8	11 i	11 i	5 pi	10	:
	Men	:	:	:	:		7 i	:	:	:	:	:	:	13 i	14 i	14 i	:	11 i	11 i	5 pi	:	:
	Women	:	:	:	:		12 i	:	:	:	:	:	:	16 i	15 i	15 i	:	11 i	12 i	5 pi	:	:
- Tenant	Total	25 s	27	:	18	19	22 i	23 i	20	31	19	37	30	21 i	26 i	24 i	23	15 i	29 i	22 pi	18	:
	Men	:	:	:	:		20 i	:	:	:	:	:	:	19 i	26 i	22 i	:	14 i	29 i	22 pi	:	:
	Women	:	:	:	:		23 i	:	:	:	:	:	:	23 i	26 i	27 i	:	15 i	29 i	22 pi	:	:

Distribution of at-risk-or-poverty population

- Owner-occupier or rent-free	Total	63 s	53	:	46	37	:	87 i	81	84	49	70	71	87 i	68 i	92 i	52	90 i	61 i	23 pi	51	69 i
	Men	:	:	:	:	:	:	:	:	83	:	:	:	38 i	30 i	92 i	:	91 i	30 i	11 pi	:	:
	Women	:	:	:	:	:	:	:	:	84	:	:	:	49 i	38 i	91 i	:	90 i	32 i	12 pi	:	:
- Tenant	Total	37 s	47	:	54	63	:	13 i	19	16	51	30	29	13 i	32 i	8 i	48	10 i	39 i	77 pi	49	31 i
	Men	:	:	:	:	:	:	:	:	17	:	:	:	6 i	15 i	8 i	:	9 i	19 i	37 pi	:	:
	Women	:	:	:	:	:	:	:	:	16	:	:	:	7 i	17 i	9 i	:	10 i	20 i	40 pi	:	:

1) Data for the Czech Republic refer to income year 2002

2) Including imputed rent. See methodological note for an explanation

3) Data for Malta refer to income year 2000, and they are not analysed in Chapter 1 of the Technical Annex.

Source : Eurostat - See Annex IA and IB. i = national source harmonised ex-post for maximum consistency with EU-SILC methodology. p = provisional. s = estimated by Eurostat. u = result based on small sample (20-49 observations)

Table 5. Common indicators of social exclusion and poverty (cont)

At-risk-of-poverty rate by work intensity of the household

Incidence

- Households without dependent children	WI = 0	:	30	:	21	21	37 i	:	29	48	26	62	27	:	:	:	13	:	31 i	28 pi	20	:
	0 < WI < 1	:	7	:	7	7	13 i	:	14	15	10	10	12	:	:	:	9	:	3 i	6 pi	10	:
	WI = 1	:	3	:	5	5	6 i	:	10	7	3	5	4	:	:	:	6	:	0 i	4 pi	6	:
- Households with dependent children	WI = 0	:	70	:	40	43	78 i	:	52	68	71	80	66	:	:	:	27	:	78 i	64 pi	39	:
	0 < WI < 0.5	:	28	:	7	7	45 i	:	46	57	40	35	51	:	:	:	28	:	27 i	45 pi	44	:
	0.5 <= WI < 1	:	14	:	9	8	13 i	:	22	26	13	16	24	:	:	:	17	:	16 i	19 pi	13	:
	WI = 1	:	4	:	5	4	8 i	:	11	11	5	4	6	:	:	:	7	:	1 i	6 pi	6	:
Distribution of at-risk-or-poverty population																						
- Households without dependent children	WI = 0	:	24	:	24	25	:	:	13	14	19	21	15	:	:	:	7	:	17 i	22 pi	14	100 i
	0 < WI < 1	:	7	:	10	9	:	:	17	13	10	8	12	:	:	:	10	:	4 i	4 pi	16	:
	WI = 1	:	3	:	14	15	:	:	7	4	4	3	3	:	:	:	8	:	0 i	8 pi	10	:
- Households with dependent children	WI = 0	:	30	:	14	15	:	:	7	8	21	28	14	:	:	:	5	:	24 i	22 pi	6	:
	0 < WI < 0.5	:	9	:	1	1	:	:	9	14	11	7	17	:	:	:	10	:	3 i	3 pi	14	:
	0.5 <= WI < 1	:	20	:	15	14	:	:	33	38	22	26	33	:	:	:	44	:	51 i	23 pi	28	:
	WI = 1	:	8	:	23	21	:	:	15	10	14	6	7	:	:	:	17	:	1 i	18 pi	13	:

Inequality of income : S80/S20 income quintile share ratio

	4.8 s	4.0	3.4 i	3.4	3.4	4.4 i	5.9 i	6.0	5.1	4.2	5.0	5.6	4.1 i	6.1 i	4.5 i	3.7	3.3 i	4.6 i	4.0 pi	3.8	5.0 i

Relative median at-risk-of-poverty gap by gender and selected age group

- Total population		23 s	23	15 i	19	20	25 i	24 i	25	25	19	20	25	19 i	23 i	20 i	17	20 i	17 i	20 pi	20	23 i
- Children aged 0-15 years		24 s	22	15 i	19	20	31 i	24 i	19	26	19	24	28	12 i	25 i	21 i	15	19 i	20 i	18 pi	18	25 i
- People aged 16 years and more	Total	23 s	23	15 i	19	20	24 i	24 i	25	24	19	18	25	21 i	22 i	20 i	17	20 i	17 i	20 pi	21	23 i
	Men	23 s	24	17 i	22	24	22 i	27 i	25	26	19	19	25	19 i	24 i	23 i	17	22 i	18 i	22 pi	19	24 i
	Women	22 s	21	14 i	17	19	24 i	22 i	26	23	19	17	25	22 i	21 i	19 i	19	18 i	17 i	19 pi	22	22 i
- People aged 16-64 years	Total	25 s	24	16 i	24	23	25 i	28 i	25	27	22	22	28	17 i	26 i	23 i	19	22 i	18 i	22 pi	20	23 i
	Men	25 s	25	17 i	27	26	23 i	29 i	25	27	22	21	28	15 i	25 i	24 i	17	23 i	19 i	24 pi	18	24 i
	Women	25 s	24	15 i	21	20	27 i	27 i	25	27	22	23	29	18 i	26 i	22 i	20	22 i	17 i	21 pi	23	23 i
- People aged 65 years and more	Total	16 s	18	7 i	8	9	19 i	11 i	26	21	11	11	13	24 i	8 i	13 i	14	10 i	14 i	7 pi	21	15 i
	Men	15 s	19	6 i	7	8	17 i	:	23	24	10	13	13	23 i	6 i	11 i	14	9 i	18 i	8 pi	26	16 i
	Women	16 s	17	8 i	9	10	19 i	10 i	27	20	12	10	13	25 i	8 i	14 i	14	11 i	17 i	7 pi	20	15 i

1) Data for the Czech Republic refer to income year 2002

2) Including imputed rent. See methodological note for an explanation

3) Data for Malta refer to income year 2000, and they are not analysed in Chapter 1 of the Technical Annex.

Source : Eurostat - See Annex IA and IB. i = national source harmonised ex-post for maximum consistency with EU-SILC methodology. p = provisional. s = estimated by Eurostat. u = result based on small sample (20-49 observations)

Table 5. Common indicators of social exclusion and poverty (cont)

At-risk-of-poverty rate before and after social transfers by gender and selected age group

Before all social transfers except old-age/survivors' pensions

- Total population		26 s	28	21 i	31	:	24 i	25 i	23	25	26	33	23	20 i	24 i	23 i	22	17 i	19 i	23 pi	25	31 i
- Children aged 0-15 years		33 s	32	33 i	26	:	30 i	28 i	22	29	35	38	32	16 i	31 i	27 i	34	31 i	28 i	29 pi	37	37 i
- People aged 16 years and more	Total	24 s	27	18 i	32	:	22 i	22 i	23	24	24	32	21	20 i	23 i	21 i	19	14 i	17 i	21 pi	23	30 i
	Men	22 s	25	16 i	31	:	19 i	26 i	21	23	23	29	20	18 i	22 i	20 i	19	14 i	16 i	19 pi	21	30 i
	Women	26 s	28	19 i	33	:	25 i	25 i	25	26	25	34	23	23 i	23 i	22 i	20	14 i	19 i	22 pi	24	29 i
- People aged 16-64 years	Total	24 s	27	19 i	29	:	22 i	25 i	20	22	25	28	22	14 i	24 i	22 i	21	15 i	16 i	22 pi	23	32 i
	Men	23 s	26	18 i	28	:	19 i	24 i	19	22	24	27	21	12 i	24 i	22 i	21	15 i	15 i	20 pi	22	32 i
	Women	25 s	28	20 i	31	:	24 i	25 i	21	23	26	30	24	16 i	24 i	23 i	22	15 i	17 i	23 pi	24	31 i
- People aged 65 years and more	Total	24 s	25	9 i	44	:	24 i	22 i	33	32	21	51	18	56 i	18 i	17 i	10	8 i	26 i	15 pi	19	18 i
	Men	20 s	23	6 i	45	:	19 i	11 i	30	29	19	45	15	51 i	9 i	7 i	9	7 i	23 i	14 pi	15	15 i
	Women	26 s	25	12 i	42	:	28 i	28 i	36	35	23	57	19	59 i	23 i	22 i	11	10 i	28 i	17 pi	23	19 i
Before all social transfers including old-age/survivors' pensions																						
- Total population		42 s	42	39 i	39	39	36 i	41 i	40	41	44	39	45	28 i	43 i	39 i	38	32 i	30 i	37 pi	42	49 i
- Children aged 0-15 years		35 s	33	35 i	26	27	26 i	31 i	23	32	36	38	35	17 i	37 i	31 i	36	23 i	29 i	31 pi	40	44 i
- People aged 16 years and more	Total	43 s	44	39 i	42	42	38 i	43 i	43	43	46	39	47	31 i	44 i	41 i	39	33 i	30 i	38 pi	42	51 i
	Men	40 s	41	36 i	39	39	33 i	39 i	40	41	43	37	44	27 i	41 i	38 i	36	30 i	27 i	34 pi	38	49 i
	Women	46 s	47	43 i	45	45	43 i	46 i	46	45	49	42	50	33 i	47 i	43 i	41	36 i	33 i	42 pi	46	52 i
- People aged 16-64 years	Total	32 s	33	30 i	30	30	25 i	32 i	31	32	33	31	36	20 i	35 i	31 i	29	24 i	24 i	27 pi	33	45 i
	Men	30 s	30	27 i	28	29	21 i	30 i	29	31	31	30	34	17 i	34 i	30 i	27	22 i	21 i	25 pi	30	44 i
	Women	35 s	35	33 i	31	32	29 i	33 i	34	34	35	33	39	22 i	36 i	31 i	32	25 i	26 i	30 pi	36	46 i
- People aged 65 years and more	Total	88 s	92	89 i	95	95	86 i	87 i	85	85	95	87	85	88 i	81 i	83 i	86	79 i	70 i	91 pi	86	86 i
	Men	88 s	93	92 i	93	93	84 i	88 i	83	86	95	86	84	85 i	81 i	83 i	88	81 i	65 i	90 pi	86	88 i
	Women	88 s	91	88 i	96	96	88 i	86 i	86	84	95	89	85	90 i	80 i	83 i	84	78 i	74 i	92 pi	86	85 i

Inequality of income distribution : Gini coefficient

	30 s	26	25 i	24	24	28 i	34 i	33	31	28	32	33	27 i	36 i	29 i	26	27 i	30 i	27 pi	26	31 i

1) Data for the Czech Republic refer to income year 2002

2) Including imputed rent. See methodological note for an explanation

3) Data for Malta refer to income year 2000, and they are not analysed in Chapter 1 of the Technical Annex.

Source: Eurostat - See Annex IA and IB. i = national source harmonised ex-post for maximum consistency with EU-SILC methodology. p = provisional. s = estimated by Eurostat. u = result based on small sample (20-49 observations)

Table 5. Common indicators of social exclusion and poverty (cont)

		EU	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	SL	SK	FI	SE	UK
Long-term unemployment rate by gender, selected years (% of the labour force 15+)																											
1999																											
	Total	4.1	4.9	3.2	1	4.1	5	6.5	5.9	4.1	2.4	6.7	:	7.6	5.3	0.7	3.3	:	1.2	1.2	5.8	1.8	3.2	8	3	1.9	1.7
	Male	3.4	4.1	2.4	0.9	3.2	5.5	3.8	3.6	3.4	3	5.2	:	7.6	6.1	0.6	3.6	:	0.9	0.9	4.5	1.6	3.4	7.5	3.2	2.2	2.2
	Female	5	5.9	4.2	1.2	5.2	4.5	10.7	9.4	4.9	1.6	9	:	7.6	4.4	0.8	2.9	:	1.5	1.5	7.4	2.1	3	8.5	2.8	1.4	1
2002																											
	Total	3.9	3.6	3.7	0.9	3.9	5	5.3	3.9	3.1	1.3	5.1	0.8	5.7	7.2	0.8	2.4	3.4	0.7	1.1	10.8	1.7	3.4	12.2	2.3	1	1.1
	Male	3.3	3.2	3	0.8	3.3	5.9	3.1	2.3	2.6	1.7	4	0.6	6.5	7.3	0.6	2.7	3.6	0.6	1	9.7	1.4	3.4	11.9	2.5	1.2	1.4
	Female	4.6	4.1	4.6	1	4.8	4.1	8.6	6.2	3.5	0.7	6.9	1.2	4.8	7.1	0.9	2.1	2.6	0.9	1.2	12.2	2.1	3.4	12.6	2	0.8	0.7
2004																											
	Total	4.1	3.9	4.2	1.2	5.4	4.8	5.6	3.5	3.9	1.6	4	1.4	4.3	5.6	1.1	2.6	3.5	1.6	1.3b	10.2	3	3.1	11.8	2.1	1.2	1
	Male	3.6	3.5	3.4	1.1	4.8	5.6	3	2.3	3.5	2	2.9	1	4.2	5.3	0.8	2.7	3.9	1.5	1.3b	9.5	2.6	3	11.2	2.3	1.4	1.2
	Female	4.7	4.4	5.3	1.3	6.1	4	9.4	5.3	4.3	0.9	5.5	1.8	4.3	5.8	1.5	2.6	2.8	1.6	1.4b	11	3.4	3.2	12.5	2	1	0.6

Source : Eurostat - Labour Force Survey, Annual averages, based on 1990 census

Long-term unemployment share by gender, selected years (% of the unemployed population)																											
1999																											
	Total	45.2	56.9	36.7	21.6	51.2	44.4	54.3	45.5	39.2	42.9	61.5	:	54.2	38.4	30.4	48.1	:	36.3	30.3	43.1	39.3	44.8	47.8	29.3	28.1	28.3
	Male	43.6	56.1	32.4	21.2	49.6	44.4	47.2	39.6	38	52.4	61.9	:	52.8	40.1	36.2	49.1	:	40	28.4	37.8	38.6	48.5	45.4	32.4	33.6	33.5
	Female	46.7	57.6	40.5	22	53	43.9	59	49.9	40.2	28.8	61.1	:	55.8	36.1	25.6	46.7	:	33.7	32.6	48.3	40	40.6	50.6	26.1	21	20.1
2002																											
	Total	44.3	48.8	50.2	19.1	48.2	52.4	51.3	33.7	34.4	30.1	59.6	21.1	45.3	53.5	26.8	43.4	44	26.5	26.7	54.7	34.6	55.6	65.2	24.9	19.9	21.7
	Male	42.7	47.4	50	17.4	46.3	58.3	45.6	28.4	33.3	37.1	59.4	18.1	47.6	53.8	29.9	45.5	53.3	24.9	26.2	51	33.3	58.3	63.9	27.9	22.2	25.5
	Female	45.9	50.2	50.4	20.8	50.7	45.6	55.1	37.7	35.4	18.8	59.8	23.5	42.3	53.1	24.2	40.6	26.1	28.1	27.4	58.8	35.6	52.8	66.8	21.7	16.9	16
2004																											
	Total	45.3	49	51	21.5	56.3	52.2	53.1	32	40.4	34.9	49.2	26.2	43.8	51.2	22.6	44	46.7	34.2	27.5b	54	44.4	51.5	64.7	24	19.3	20.6
	Male	44.5	48.9	48.4	21	55.3	54.2	44.9	27.8	40.1	41.7	46.1	25.1	45	50.2	24.1	45.7	55.4	35.6	28.6b	52.7	43.7	53.4	64.9	25.9	21.4	24.3
	Female	46	49.2	53.3	21.9	57.5	49.7	57.9	35.2	40.7	23.6	51.9	27	42.6	52.2	21.6	41.9	32.9	32.6	26.3b	55.5	45	49.5	64.5	22	16.6	15.3

Source : Eurostat - Labour Force Survey, Annual averages, based on 1990 census

Table 5. Common indicators of social exclusion and poverty (cont)

Very long-term unemployment rate by gender, selected years (% of the labour force 15+)

1999																										
	Total	2.5	3.5	1.4	0.5	2.6	3	3.8	3.9	2.3	1.7	4.8	:	5.3	2.6	0.4	1.6	:	0.7	0.6	2.2	0.9	2.4	4.6	1.7	:	1
	Male	2	2.9	1.1	0.4	2	3.4	2.1	2.3	1.9	2.2	3.8	:	5.3	3.1	0.3	1.8	:	0.6	0.6	1.6	0.7	2.6	4.2	1.9	:	1.4
	Female	3.1	4.4	1.9	0.5	3.5	2.6	6.4	6.4	2.8	0.9	6.3	:	5.3	2.1	0.5	1.4	:	0.8	0.7	3.1	1.1	2.2	5.2	1.4	:	0.5
2002																										
	Total	2.2	2.4	2.3	0.3	2.4	3.2	3.1	2.2	1.6	0.7	3.7	0.4	4	4.8	0.3	1.1	1.8	0.4	0.4	4.8	0.9	2.2	7.6	1.2	0	0.6
	Male	1.9	2.1	1.9	0.3	2	4	1.7	1.2	1.4	1	2.9	0.3	5	5	0.2	1.3	2	0.3	0.4	4	0.7	2.2	7.3	1.5	0	0.8
	Female	2.7	2.8	2.8	0.4	3.1	2.5	5.3	3.6	1.9	0.3	4.9	0.4	3	4.5	0.3	0.9	1	0.4	0.4	5.6	1.1	2.2	7.9	0.9	0	0.4
2004																										
	Total	2.3	2.5	2.6	0.4	3.5	3.1	3.1	1.9	1.8	0.8	2.6	0.4	2.5	3.5	0.3	1.2	2	0.6	0.5b	5	1.6	1.7	8.2	1	0	0.5
	Male	2	2.2	2.1	0.4	3	3.6	1.6	1.2	1.7	1.1	2	0.3	2.4	3.2	0.3	1.3	2.3	0.6	0.5b	4.6	1.3	1.7	7.7	1.1	0	0.6
	Female	2.7	2.9	3.2	0.4	4	2.7	5.3	2.9	2	0.4	3.6	0.6	2.5	3.8	0.3	1.2	1.4	0.7	0.5b	5.5	1.8	1.8	8.9	0.8	:	0.3

Source : Eurostat - Labour Force Survey, Annual averages, based on 1990 census

People living in jobless households: children (0-17 years) and prime-age adults (18-59 years), selected years (% of population in the relevant age group)

1999																										
	Children	:	11.3b	7.2	:	9.5	10.2	5.2	7.3	9.9	11.7	8.3	:	12b	:	4	15.5	:	6.9	4.2	:	4.5	4.1	10.6	:	:	18.4
	Adults:																									
	Total	:	13b	7.2	:	10.5	10.4	9.6	8.5	11.3	9.8	11.7	:	14.9b	8.8	6.7	14.2	:	7.8	8.2	:	4.7	9.6	9.8	:	:	11.8
	Male	:	11.2b	5.6	:	9.5	10.5	7	7.7	10.1	8.5	9.8	:	13.4b	9	5.1	12.8	:	6.3	6.5	:	4.1	8.7	8.8	:	:	9.6
	Female	:	14.8b	8.8	:	11.4	10.4	12.1	9.3	12.5	11.1	13.5	:	16.4b	8.5	8.4	15.6	:	9.4	9.8	:	5.3	10.5	10.9	:	:	13.9
2002																										
	Children	9.8e	13.8	7.6	5.6	9.3	10.1	5.1	6.6	9.6	10.8	7.2	3.9	10.6b	8.4	2.8	14.3	7.6	6	4.4	:	4.2	3.8	12.1	:	:	17.4
	Adults:																									
	Total	10.2e	14.2	7.3	7.6	10	10.8	8.9	7.3	10.4	8.5	10.2	5.3	10.5b	9.1b	6.3	13	7.2	6.7	7.5	15.1	4.6	8	10.9	:	:	11.3
	Male	8.9e	11.9	5.6	7.2	9.4	10.6	6.5	6.6	9.1	7.3	8.6	3.9	10.7b	8.5b	5.6	12	5.8	5.3	6.2	14.1	3.9	7	10.4	:	:	9.2
	Female	11.4e	16.6	9.1	8	10.7	10.9	11.2	8	11.8	9.7	11.8	6.5	10.3b	9.7b	7	14	8.6	8.1	8.8	16.1	5.2	8.9	11.4	:	:	13.3
2004																										
	Children	9.8e	13.2	9	6	10.9	9.6	4.5	6.3	9.6	11.8	5.7	2.6	7.2	6.5	3	13.2	9.2	7	5.6i	:	4.3	3.8	12.8	5.7	:	16.8
	Adults:																									
	Total	10.3e	13.7	8	8.5	11.1	9.5	8.5	7.3	10.8	8.6	9.1	5	7.8	8.1	6.5	11.9	8.6	8	8.8i	15.8	5.3	7.5	10.8	11	:	11
	Male	9.3e	11.3	6.4	8.3	10.8	10.2	6.2	6.7	9.5	7.2	7.9	3.8	7.1	8.3	5	11.1	6.8	6.7	7.6i	14.8	5	7	10	11.2	:	9
	Female	11.4e	16	9.6	8.8	11.4	8.7	10.7	7.9	12.1	10.1	10.4	6.1	8.4	8	8.1	12.7	10.4	9.3	10i	16.8	5.7	8	11.6	10.9	:	13
2005																										
	Children	9.6e	12.9	8.1	6p	10.9p	9.1	4.1	5.4	9.5	12	5.6	3.5	8.3	6.2	3p	14.2	8.9	6.9	6.4	:	4.3	2.7u	13.8	5.7p	:	16.5
	Adults:																									
	Total	10.2e	13.5	7.4	8.5p	11.1p	8.5	8.5	6.7	10.7	8.4	9.5	5.2	8.1	6.6	6.5p	12.3	8.2	7.9	8.8	15.3	5.5	6.7	10.2	11p	:	11
	Male	9.2e	11.6	5.8	8.3p	10.8p	10.2	6.4	6.2	9.6	7.2	8.3	4.2	8.7	6.9	5p	11.6	6.5	6.9	7.8	14	5.1	6.3	9.5	11.2p	:	9.2
	Female	11.2e	15.4	9	8.8p	11.4p	7	10.7	7.2	11.8	9.8	10.8	6.2	7.6	6.4	8.1p	13.1	9.9	9	9.7	16.6	5.8	7.1	10.9	10.9p	:	12.8

Source : Eurostat, Labour Force Survey - Spring results (except DK, LU (2003) and FI: annual average)

Table 5. Common indicators of social exclusion and poverty (cont)

Dispersion of regional employment rates*, selected years (%)																									
1999	13.4	8	5.6	-	5.4	-	5.2	10.7	7.1	-	17.4	-	-	-	-	9.1	-	2.3	2.3	4.8	2.6	-	8.1	6.7	5	7.1
2004	12.2	8.7	5.6	-	6.2	-	4.1	8.7	7.1	-	15.6	-	-	-	-	9.4	-	2.3	3.5	6.4	3.5	-	9	5.5	4.4	5.8

* Coefficient of variation of employment rates across regions at NUTS2 level
e = estimate; p = provisional figure
Source : Eurostat - Labour Force Survey, Annual averages

Table 5. Common indicators of social exclusion and poverty (cont)

	EU	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Early school-leavers (% of the total population aged 18-24 who have at most lower secondary education and not in further education or training)																										
1999																										
Total	:	15.2b	:	11.5	14.9	14	18.6	29.5	14.7	:	27.2	17.5	:	:	19.1b	13	:	16.2	10.7	:	44.9	:	:	9.9	6.9	19.7
Female	:	12.7b	:	9.1	15.6	9.2	15.4	23.6	13.4	:	24.2	12.3	:	:	19.4b	12.7	:	14.9	11.9	:	38.9	:	:	7.9	6.1	19.3
Male	:	17.7b	:	14.2	14.2	19	22.1	35.3	16	:	30.3	24.6	:	:	18.9b	13.3	:	17.5	9.6	:	50.8	:	:	12	7.7	20.2
2004																										
Total	15.6i	11.9b	6.1	8.5	12.1	13.7	14.9	31.7	14.2	12.9p	22.3	20.6	15.6	9.5b	12.9	12.6	42b	14	8.7i	5.7b	39.4b	4.2u	7.1	8.7	8.6	14.9i
Female	13.1i	8.3b	6.5	6.7	11.9	:u	11.6	24.6	12.3	9.7p	18.4	14.9	10.7	7.4u	13	11.4	39.5b	11.9	7.9i	3.7b	30.6b	2.6u	6.4	6.9	7.9	14.2i
Male	18i	15.6b	5.8	10.4	12.2	20.5	18.3	38.5	16.1	16.1p	26.2	27.2	20.5	11.6u	12.8	13.7	44.2b	16.1	9.5i	7.7b	47.9b	5.8u	7.8	10.6	9.3	15.7i
2005																										
Total	14.9i	13	6.4	8.5	:	14	13.3	30.8b	12.6	12.3p	21.9	18.1	11.9	9.2	12.9p	12.3	44.5p	13.6	9.1	5.5	38.6	4.3u	5.8	8.7p	8.6p	14p
Female	12.7i	10.6	6.6	7.5	:	10.7u	9.2	25b	10.7	9.6p	17.8	10.6	8.2	6.2u	13p	11.1	42.8p	11.2	8.7	4	30.1	2.8u	5.7	6.9p	7.9p	13.2p
Male	17.1i	15.3	6.2	9.4	:	17.4u	17.5	36.4b	14.6	14.9p	25.9	26.6	15.5	12.2u	12.8p	13.5	46.2p	15.8	9.5	6.9	46.7	5.7u	6	10.6p	9.3p	14.7p

u = data lack reliability due to low sample size / : = not available or unreliable data / b = break / p = provisional

In DK, LU, IS, NO, EE, LV, LT, CY, MT and SI, the high degree of variation of results over time is partly influenced by a low sample size.

In CY, the reference population (denominator) excludes students abroad. In DE (2003 and 2004), participation to personnel interest courses is excluded

Source : Eurostat, Labour Force Survey - Quarter 2 results (except FI 2004 and 2005: Q1, AT 1999: Q1)

Percentage of low-achieving (level 1 and lower) 15 years old in reading literacy																										
2000	19.4	19.0	17.5	17.9	22.6	:	24.4	16.3	15.2	11.0	18.9	:	30.1	:	35.1	22.7	:	9.5	14.6	23.2	26.3	:	:	7.0	12.6	12.8
2003	19.8	17.8	19.4	16.5	22.3	:	25.2	21.1	17.5	11	23.9	:	18	:	22.7	20.5	:	11.5	20.7	16.8	22	:	24.9	5.7	13.3	:

Note: Luxembourg, Netherlands: results not fully comparable between surveys, therefore not included in EU average.

Source : OECD, PISA survey

Table 5. Common indicators of social exclusion and poverty (cont)

Persons with low educational attainment by age and gender, 2005 (% of total population in the relevant age group)

25-34 years																									
Total	22.0	19.9	6.1	13.1	14.7	11.5	23.1	36.7	19.5	18.3	33.7	20.6	20.1	12.6	26.5	15.4	56.6	18.6	12.6	8.3	57.7	8.6	7.5	10.6	9.4	22.5
Female	20.5	17.5	6.7	13.3	16.2	8.5u	19.2	31.5	18.1	15.3	29.7	20.2	15.6	10.1	26.5	14.6	61.7	17.7	14.4	7.7	51.5	7.7	7.8	7.6	8.4	23.5
Male	23.5	22.2	5.5	13.0	13.3	14.6u	26.8	41.6	21.0	21.3	37.6	21.1	24.6	15.2	26.5	16.2	51.8	19.5	10.9	8.8	63.8	9.6	7.3	13.4	10.5	21.5
35-44 years																									
Total	27.5	28.4	7.0	15.2	13.8	4.7u	32.3	46.3	28.6	30.4	45.3	24.4	6.8	5.1	36.0	19.2	69.3	24.2	15.7	10.5	74.1	16.3	7.5	13.7	10.5	29.2
Female	27.9	26.3	8.6	14.3	15.7	0.0	31.7	45.2	29.2	26.7	42.4	24.7	5.3	3.4u	38.8	21.5	77.4	25.2	20.0	10.6	71.5	15.8	8.6	11.3	8.8	32.3
Male	27.1	30.4	5.4	16.1	11.9	0.0	32.9	47.4	27.8	34.2	48.2	24.0	8.3	7.0u	33.3	16.8	61.6	23.2	11.5	10.4	76.8	16.7	6.4	16.1	12.1	26.0
45-54 years																									
Total	33.4	40.5	11.7	22.7	15.6	9.0	46.6	59.2	40.0	44.5	53.8	42.2	11.7	7.7	41.6	24.3	82.9	30.9	23.3	16.5	81.0	25.3	14.6	24.1	18.1	30.0
Female	36.5	42.3	16.9	24.1	19.4	7.5u	49.2	61.6	43.4	41.6	55.9	45.2	10.0	6.8u	47.8	30.2	88.9	35.6	29.3	17.3	80.5	28.6	18.8	22.1	15.1	36.7
Male	30.2	38.8	6.4	21.4	11.9	10.8u	43.9	56.8	36.6	47.4	51.8	39.2	13.8	8.7u	35.7	17.9	76.7	26.2	17.2	15.7	81.6	22.2	10.2	26.2	21.0	23.2
55-64 years																									
Total	44.2	52.7	16.7	25.3	21.1	20.3	66.8	74.9	49.4	59.9	70.8	60.3	29.5	31.3	49.5	39.9	86.6	41.1	30.6	30.3	87.2	30.3	24.1	41.4	28.4	34.7
Female	50.2	57.0	24.1	30.1	28.9	19.0	73.1	79.8	54.0	57.9	75.2	67.7	26.0	32.3	61.5	46.3	91.3	51.0	38.5	34.0	88.5	39.7	31.3	41.7	25.9	44.9
Male	38.2	48.3	8.5	20.4	13.2	22.1u	60.0	69.8	44.5	61.9	66.0	52.5	34.1	30.0	37.7	32.2	81.4	31.3	22.1	26.0	85.8	20.8	15.5	41.0	30.8	27.5
65+ years																									
Total	66.1	73.1	36.5	54.4	38.0	35.7	83.0	88.7	74.6	74.9	86.1	78.2	50.1	70.8	64.3	72.2	91.9	58.2	48.9	58.3	94.3	51.3	58.8	70.9	44.1	37.4
Female	73.1	77.2	48.6	64.5	52.2	35.3	87.7	92.2	79.1	75.3	89.3	85.5	51.5	73.1	76.9	75.8	94.7	68.4	58.6	64.8	95.5	63.7	69.6	73.4	45.3	53.3
Male	56.4	67.3	17.6	40.9	18.6	36.4	77.2	83.9	68.4	74.4	81.8	69.3	47.9	66.4	47.3	66.7	88.1	44.8	34.7	47.6	92.5	31.5	40.8	67.1	42.8	27.7
25-64 years																									
Total	31.1	34.5	10.1	18.9	16.1	10.9	40.3	51.6	33.6	35.4	49.7	34.7	16.4	12.9	37.7	23.9	73.8	28.2	19.9	15.4	73.8	19.5	12.4	22.4	16.6	28.8
Female	32.9	34.9	13.8	20.2	19.8	9.0	41.5	51.5	35.4	32.3	49.5	36.8	13.8	12.1	42.3	27.7	80.1	31.6	24.9	16.5	71.7	22.0	15.4	20.8	14.6	33.2
Male	29.2	34.2	6.4	17.6	12.5	13.0	39.2	51.7	31.8	38.4	50.0	32.5	19.2	13.8	33.2	20.0	67.5	24.8	14.9	14.3	75.9	17.1	9.2	24.1	18.5	24.5

u = data lack reliability due to low sample size

CY: students usually living in the country but studying abroad are not yet covered by the survey. DE, LU, FI 2005: 2004 data. IE, provisional

Source : Eurostat, Labour Force Survey - Quarter 2 results (except FR: Q1)

Table 5. Common indicators of social exclusion and poverty (cont)

		EU	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	SL	SK	FI	SE	UK
Life expectancy by age and gender, selected years																											
Life expectancy at birth																											
1970	Women	74.4	74.2	73	75.9		74.14	73.8	74.8	75.9	73.5	74.9		74.4	74.75	73.4	72.08	72.56	76.5	73.44	73.3	70.8	72.35	72.92	75	77.06	75
	Men	68	67.8	66.1	70.7		65.5	70.1	69.2	68.4	68.8	69		66	66.92	67.1	66.31	68.4	70.7	66.52	66.6	64.2	65.04	66.73	66.5	72.2	68.7
1980	Women	76.8	76.8	73.9	77.3	76.1	74.11	76.8	78.6	78.4	75.6	77.4	77	74.2	75.36	75.9	72.7	72.71	79.3	76	75.4	75.2	75.21	74.25	77.58	78.81	76.2
	Men	69.8	70	66.8	71.2	69.6	64.14	72.2	72.5	70.2	70.1	70.6	72.3	63.6	65.49	69.1	65.45	68.49	72.7	69	66.9	67.7	67.42	66.75	69.16	72.76	70.2
1990	Women	78.8	79.4	75.4	77.72	78.43	74.9	79.45	80.3	80.9	77.61	80.13	78.6	74.6	76.2	78.51	73.71	78.09	80.89	78.8	76.3	77.36	77.38	75.44	78.88	80.38	78.6
	Men	71.7	72.7	67.6	72	71.96	64.7	74.64	73.3	72.8	72.08	73.64	74.1	64.3	66.4	72.33	65.13	73.7	73.83	72.2	66.7	70.41	69.54	66.64	70.94	74.81	72.9
1995	Women	79.7	80.2	76.6	77.8	79.7	74.5	80.3	81.5	81.8	78.4	81.3	79.8	73.1	75	80.2	74.5	79.5	80.4	79.9	76.4	78.7	77.8	76.3	80.2	81.4	79.2
	Men	72.8	73.4	69.7	72.7	73.3	61.9	75	74.3	73.9	72.9	74.9	75.3	60.3	63.3	73	65.3	74.9	74.6	73.3	67.6	71.6	70.3	68.4	72.8	76.2	74
2002	Women	81.2	81.1	78.7	79.5	81.2	77.1	81.1	82.9	83	80.3	82.9	81.4	76	77.5	81.5	76.7	81	80.7	81.7	78.7	80.5	80.5	77.7	81.5	82.1	80.5
	Men	75	75.1	72.1	74.8	75.4	65.3	76.4	76.2	75.8	75.2	76.8	77	64.8	66.3	74.9	68.4	75.9	76	75.8	70.4	73.8	72.6	69.8	74.9	77.7	75.9
2004	Women	81.2*	81.7*	79	79.9	81.4	76.9*	81.4	83.8	83.8	80.7*	82.5*	81.4*	77.2p	77.8	81*	76.9	80.7*	81.1p	82.1	79.2	80.5*	80.4*	77.8	82.3	82.7	80.7*
	Men	75.1*	75.9*	72.6	75.2	75.7	66*	76.6	77.2	76.7	75.8*	76.8*	77*	65.5p	66.4	75*	68.6	76.7*	76.4p	76.4	70	74.2*	72.6*	70.3	75.3	78.4	76.2*
Life expectancy at age 1																											
1970	Women	:	74.5	73.3	75.9	:	74.2	74.3	75.6	76.1	73.8	75.8	:	74.5	:	73.7	73.4	73.3	76.3	74.1	74.5	73.4	73	73.8	:	76.8	75.2
	Men	:	68.4	66.7	71	:	65.9	72.2	70.4	68.8	69.2	70.1	:	66.4	:	67.7	68.1	69.4	70.8	67.5	68.2	67.2	65.9	67.8	:	72.1	69.1
1980	Women	:	76.6	73.9	76.8	:	74.2	76.7	78.4	78.1	75.3	77.4	76.8	74.1	75.4	75.7	73.2	72.6	78.9	76	75.8	76	75.2	74.8	77.1	78.3	76.1
	Men	:	70	67.1	69.9	:	64.4	72.8	72.5	70	69.9	70.7	72.4	63.7	65.7	68.9	66.2	68.8	72.4	69.2	67.5	68.7	67.5	67.5	68.7	72.4	70.2
1990	Women	:	78.8	75	77.2	77.9	74.7	79.2	79.9	80.4	77.2	79.7	78.4	74.4	75.9	78.1	73.7	77.7	79.6	78.3	76.3	77.1	76.9	75.5	78.3	79.8	78.1
	Men	:	72.3	67.4	71.6	71.5	64.7	74.4	72.9	72.4	71.7	73.3	74	64.3	66.2	71.9	65.2	73.5	73.4	71.9	66.9	70.3	69.3	66.7	70.3	74.3	72.6
1995	Women	:	79.6	76.1	77.2	79.1	74.4	79.8	80.9	81.2	77.9	80.7	79.4	73.3	74.9	79.7	74.2	79	79.7	79.3	76.3	78.2	77.2	76	79.5	80.7	78.7
	Men	:	73	69.3	72.1	72.7	61.9	74.7	73.7	73.3	72.4	74.4	75	60.5	63.2	72.3	65	74.7	74.1	72.8	67.6	71.2	69.7	68.2	72.1	75.5	73.5
2002	Women	80.4	80.4	78	78.8	:	76.5	:	:	:	79.7	:	:	75.7	77.1	80.9	76.3	80.3	80.1	80.9	78.2	79.9	79.7	77.4	80.7	81.4	:
	Men	74.2	74.5	71.5	74.2	:	64.7	:	:	:	74.6	:	:	64.5	65.8	74.3	67.9	75.2	75.4	75.2	70	73.2	72.1	69.4	74.1	77	:
2003	Women	80.5	:	77.9	79.2	80.7	:	:	:	:	80	:	:	75.5	77.2	80.3	76.2	79.8	80.3	:	78.3	79.8	79.7	77.3	:	81.7	:
	Men	74.4	:	71.4	74.4	75.1	:	:	:	:	75.3	:	:	65.5	66	74.4	67.9	76.1	75.6	:	70	73.5	71.9	69.5	:	77.2	:

Table 5. Common indicators of social exclusion and poverty (cont)

Life expectancy at age 60

1970	Women	19.7e	19.2	18	20.6	:	19.4	19.1	20	20.8	18.7	20.2	:	19.9	:	18.8	:	:	20.5	18.8	:	18.9	:	18.7	:	20.9	19.8
	Men	15.8e	15.2	14.1	17.1	:	15.2	17.5	16.8	16.2	15.6	16.7	:	16.5	:	15.2	:	:	16.8	14.9	:	15.5	:	15.7	:	17.8	15.2
1980	Women	20.9e	20.9	18.2	21.4	:	19.4	20.8	22.1	22.4	19.5	21.2	:	19.7	20.5	19.9	:	:	22.6	20.2	:	20.6	:	19.2	20.5	22.1	20.4
	Men	16.5e	16.3	14.3	17	:	14.8	18.2	18.4	17.3	15.9	16.8	:	15.1	16.5	15.5	:	:	17.5	16.3	:	16.3	:	15.5	15.6	17.9	15.9
1990	Women	22.1e	22.7	19.1	21.6	21.7	19.5	22.3	23.3	24.1	20.9	23	:	19.6	20.7	22.4	:	:	23.1	22	:	21.3	:	20	21.9	23.2	21.8
	Men	17.7e	17.9	14.6	17.4	17.4	14.8	19.4	19.1	19	16.7	18.6	:	14.9	16.2	17.8	:	:	18.1	17.8	:	17.5	:	15.2	17.1	19.1	17.5
1995	Women	22.8e	23.3	20	21.3	22.7	19.9	22.8	24.2	24.9	21.4	24	22.9	19.7	20.6	23.2	:	:	23.2	22.8	:	22	:	20	22.9	23.9	22.2
	Men	18.3e	18.5	15.9	17.6	18.2	14.4	19.8	19.7	19.7	17.3	19.5	20.1	13.8	15.5	18.2	:	:	18.5	18.5	:	18.2	:	15.6	18.1	19.8	18.3
2002	Women	23.8e	23.9	21.5	22.4	:	21.3	:	:	:	22.9	:	:	20.8	21.7	24.2	20.9	23.3	23.5	24.1	22	23.3	23.1	21	24	24.3	:
	Men	19.6e	19.6	17.3	19.1	:	15.4	:	:	:	19.2	:	:	15.2	16.1	19.6	16.1	19	19.5	20.2	17.1	19.4	18	16.4	19.5	20.9	:
2003	Women	23.9	:	21.4	22.7	23.9	:	:	:	:	23.1	:	:	20.6	21.9	23.2	20.8	22.7	23.7	:	22	23.3	23.1	21	:	24.6	:
	Men	19.8	:	17.3	19.3	19.9	:	:	:	:	19.6	:	:	15.4	16.2	19.3	15.9	19.8	19.7	:	17.1	19.4	17.9	16.4	:	21	:

p = provisional value; e = Eurostat estimate * = 2003

Source : Eurostat - Demographic statistics

Table 6. Common indicators of adequate and sustainable pensions*

		EU	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	SL	SK	FI	SE	UK
Employment rate of older workers (% of population aged 55-64), selected years																											
1998																											
	Total	35.8	22.9	37.1	52	37.7	50.2	39	35.1	28.3	41.7	27.7	:	36.3	39.5	25.1	17.3	:	33.9	28.4	32.1	49.6b	23.9	22.8	36.2	63	49
	Male	46.6	32.1	53.2	61.3	47.2	62	56	52.6	32.5	60.2	41.4	:	48.1	54.4	35.2	27	:	47.5	40.5	41.5	62.9b	31.8	39.1	38.4	66.1	59.1
	Female	25.5	14	22.9	42	28.3	41.6	23.5	18.8	24.4	23.1	15	:	27.5	28.3	15.5	9.6	:	20.3	17.1	24.1	38b	16.1	9.4	34.1	60	39.2
2000																											
	Total	36.6	26.3	36.3	55.7	37.6	46.3	39	37	29.9	45.3	27.7	49.4	36	40.4	26.7	22.2	28.5	38.2	28.8	28.4	50.7	22.7	21.3	41.6	64.9	50.7b
	Male	46.9	36.4	51.7	64.1	46.4	55.9	55.2	54.9	33.6	63.2	40.9	67.3	48.4	50.6	37.2	33.2	50.8	50.2	41.2	36.7	62.1	32.3	35.4	42.9	67.8	60.1b
	Female	26.9	16.6	22.4	46.6	29	39	24.3	20.2	26.3	27.2	15.3	32.1	26.7	32.6	16.4	13.3	8.4	26.1	17.2	21.4	40.6	13.8	9.8	40.4	62.1	41.7b
2002																											
	Total	38.7	26.6	40.8	57.9	38.9	51.6	39.2	39.6	34.7	48	28.9	49.4	41.7	41.6	28.1	25.6	30.1	42.3	29.1	26.1	51.4	24.5	22.8	47.8	68	53.4
	Male	48.8	36	57.2	64.5	47.3	58.4	55.9	58.4	38.7	65	41.3	67.3	50.5	51.5	37.7	35.5	50.8	54.6	39.6	34.5	61.9	35.4	39.1	48.5	70.4	62.6
	Female	29.2	17.5	25.9	50.4	30.6	46.5	24	21.9	30.8	30.8	17.3	32.2	35.2	34.1	18.4	17.6	10.9	29.9	19.3	18.9	42.2	14.2	9.5	47.2	65.6	44.5
2004																											
	Total	41	30	42.7	60.3	41.8	52.4	39.4	41.3	37.3	49.5	30.5b	49.9	47.9	47.1	30.8	31.1	31.5	45.2	28.8b	26.2	50.3	29	26.8	50.9	69.1	56.2
	Male	50.7	39.1	57.2	67.3	50.7	56.4	56.4	58.9	41	65	42.2b	70.8	55.8	57.6	38.5	38.4	53.4	56.9	38.9b	34.1	59.1	40.9	43.8	51.4	71.2	65.7
	Female	31.7	21.1	29.4	53.3	33	49.4	24	24.6	33.8	33.7	19.6b	30	41.9	39.3	22.9	25	11.5	33.4	19.3b	19.4	42.5	17.8	12.6	50.4	67	47
Source : Eurostat - Labour Force Survey, Annual averages.																											
Average exit age from the labour force, selected years																											
2002																											
	Total	60.4	58.5	60.2	60.9	60.7	61.6	61.3	61.5	58.8	63.1	59.9	61.4	:	:	59.3	59.1	58.2	62.2	59.3	56.9	63	56.6	57.5	60.5	63.3	62.3
	Male	60.8	58.6	62.2	61.9	61.1	:	61.1	61.4	58.9	62.8	60.2	:	:	:	:	59.6	:	62.9	59.4	58.1	62.9	:	59.6	60.6	63.4	62.7
	Female	60	58.4	58.4	59.8	60.3	:	61.5	61.6	58.7	63.5	59.7	:	:	:	:	58.8	:	61.6	59.2	55.8	63.1	:	55.7	60.4	63.1	61.8
2004																											
	Total	60.7p	59.4	60	62.1	61.3	62.3	59.5	62.2	58.9	62.8	:	62.7	62.9	60.8	57.7	60.5	57.7	61.1	:	57.7	62.2	:	58.5	60.5	62.8	62.1
	Male	60.9p	59.1	61.3	62.6	61.4	:	60.3	61.5	58.4	63.4	:	:	:	:	:	60.3	:	61.1	:	60	61.2	:	60.3	60.2	63.1	62.9
	Female	60.4p	59.6	58.9	61.6	61.1	:	58.8	62.9	59.4	62.3	:	:	:	:	:	60.7	:	61.1	:	55.8	63.1	:	57	60.8	62.4	61.4

e = Eurostat estimate; p = provisional figure

Source: DG Employment / Eurostat, Labour Force Survey - Annual average

* Selection of the common indicators of adequate and sustainable pensions that were presented in the Commission Staff working paper: Synthesis Report on Adequate and Sustainable Pensions (SEC(2006)304 of 27 February 2006).

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Table 6. Common indicators of adequate and sustainable pensions* (cont.)

Pension expenditure, selected years (% of GDP)

1995	:	12.1	7.3	11.3	12.5	:	11.2	10.3	13.4	5.0	14.5	:	:	:	12.7	:	8.1	14.1	14.3	:	9.8	:	7.4	12.7	12.8	11.9
2000	12.5	11.1	8.7	10.5	13.0	6.9	12.5	9.6	13.0	3.6	14.7	:	9.6	7.8	9.7	8.7	8.2	13.0	14.2	13.0	10.5	11.4	7.5	10.7	11.7	12.2
2003	12.6	11.5	8.8	11.1	13.4	6.3	12.9	9.2	13.0	3.9	15.1	:	7.5	6.8	10.9	9.3	9.4	12.6	14.7	14.3	11.9	11.2	7.5	11.4	12.7	11.0

Source : Eurostat - ESSPROS database

Risk of poverty of people aged 60+, 65+, 75+ and <60, <65, <75 (%), 2003

Total																										
	Total	16	15	8	11	15	18	20	20	14	21	19	15	16	15	11	12	15	12	13	17	21	10	21	11	11	18
	Men	15	14	7	11	13	17	19	19	13	19	18	14	16	14	11	12	15	12	11	17	20	9	21	11	10	17
	Women	17	16	9	11	17	20	21	21	14	23	20	17	17	15	11	12	15	12	14	16	22	11	21	11	12	19
0-64																										
	Total	16	14	9	10	15	19	18	18	13	19	20	10	17	15	12	12	14	13	12	18	19	9	22	10	11	17
	Men	16	13	8	10	13	18	18	18	13	17	19	10	17	15	12	12	14	12	11	19	18	8	22	10	11	16
	Women	17	15	9	10	17	19	19	18	14	20	21	11	17	15	12	12	14	13	13	18	20	9	22	10	11	17
65+																										
	Total	18	21	4	17	16	17	28	30	16	40	16	52	14	12	6	10	20	7	17	6	29	19	13	17	14	24
	Men	15	20	1	16	11	7	26	27	14	34	13	48	7	5	6	6	19	6	13	4	29	11	12	11	9	21
	Women	20	21	6	18	19	22	30	32	17	45	18	55	17	15	6	12	21	7	20	7	30	23	13	20	18	27
75+																										
	Total	:	21	7	23	17	18	35	34	18	44	15	67	16	15	8	14	21	7	18	6	35	25	20	25	20	30
	Men	:	20	2	25	9	3	35	32	15	35	12	67	5	6	7	11	18	7	10	4	35	17	20	15	14	28
	Women	:	21	9	22	20	24	34	35	19	50	17	67	21	19	9	15	24	7	21	7	36	28	20	30	24	32

Source : Eurostat - See Annex IB

Relative income of people aged 65+ (relative to the complementary age groups) (%), 2003

Total	:	0.8	0.8	0.7	0.9	0.8	0.8	0.8	0.9	0.6	1.0	0.6	0.8	0.9	1.0	0.9	0.9	0.8	0.9	1.1	0.8	0.9	0.9	0.8	0.8	0.7
Men	:	0.8	0.9	0.7	:	0.8	0.8	0.8	0.9	0.6	1.0	0.6	0.8	1.0	1.0	0.9	1.0	0.9	1.0	1.2	0.8	0.9	0.9	0.8	0.8	0.8
Women	:	0.8	0.8	0.7	:	0.7	0.8	0.8	0.9	0.6	0.9	0.5	0.8	0.9	1.0	0.8	0.9	0.8	0.9	1.1	0.8	0.8	0.9	0.7	0.7	0.7

Source : Eurostat - See Annex IB

Inequality of income distribution (S80/S20) among people aged 60+, 65+, 75+ and <60, <65, <75 in 2001 (%)

65+	:	3.4	2.1	2.8	3.9	4.7	5.1	4.2	4.2	3.4	4.2	4.3	3.5	3	3	2.5	4.5	3.2	4.5	3.3	6.5	3.3	5.8	2.8	2.7	4
0-64	:	4.1	3.5	3.4	4.4	6.1	6	5.2	4.2	5.1	6	3.7	6.6	4.8	3.8	4	4.6	4.2	3.7	5.2	7.3	3.1	3.2	3.6	3.3	5.9

Source : Eurostat - See Annex IB

* Selection of the common indicators of adequate and sustainable pensions that were presented in the Commission Staff working paper: Synthesis Report on Adequate and Sustainable Pensions (SEC(2006)304 of 27 February 2006).